EXHIBIT DD 1

AFFIDAVIT & ANNEXURE

OF

CYNTHIA AGNES SORAYA STIMPEL

JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE

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IN THE JUDICIAL COMMISSION OF INQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDINGORGANS OF STATE

AFFIDAVIT

I, the undersigned,

CYNTHIA AGNES SORAYA STIMPLE

state as follows:

INTRODUCTION

1. I have been requested by the Commission of Inquiry into State Capture, Corruption and Fraud in the Public Sector, including Organs of State, to assist it in its inquiry. My contribution will relate to my period as an employee of South African Airways SOC Limited (SAA).

2. The facts to which I depose are true and correct and are within my personal knowledge except where it is apparent from the context that they are not.

3. I began employment at SAA on 1 December 2006 as the Head of Financial Risk Management, within the treasury department. Prior to my time at SAA, I had worked in the banking industry from 1975. I worked in the Treasury Departments of Barclays bank, Citibank and FNB.

4. When SAA was separated from Transnet to become a Schedule 2 State Own Entity, it had to establish its own Treasury; my key responsibility was to help in establishing and running the new Treasury for SAA.

5. I am currently unemployed. I was forced out of my position at SAA after I refused to participate in, and blew the whistle on, unlawful transactions that SAA was engaging upon in 2015/2016.

THE BOARDS

6. There was a board which was chaired by Ms Cheryl Carolus; which I believe was a strong board. Siza Mzimela at that time was the Chief Executive Officer (CEO) and Thuli Mpshe was the Human Resources manager (HR). SAA was doing well at the time; everyone had a positive attitude in driving the company forward.

7. During September 2012; Ms Carolus and eight other Board members resigned from the SAA Board. The new interim Board was appointed; which included Mr Kona as the Chairperson. There were three members of the previous Board that remained and formed part of the new Board. These members were Ms Myeni, Dr Tambi and Ms Kwinana.

8. Ms Mzimela left SAA shortly after the Board members resigned. I am not sure of what led to her resignation except what I read from the newspapers. I could not approach the Board and ask them. Ms Mzimela was dynamic in the sense that she was really trying to move the company and energy of the staff forward. When there were issues, especially with the crew members or pilots; she would meet with them and address their concerns.

9. After Ms Mzimela's departure, the Board convened and decided that Mr Kona should become the acting CEO. I

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was concerned about this because having the Chairperson of the Board also act as CEO would raise corporate governance issues. I raised my concerns during the Financial Risk Committee (FRSC) meeting. I said this was not in line with the King Code of Governance, but I recognised that the FRSC did not have the power to do anything about the decision taken.

10. Mr Kona then remained in the CEO position and Ms Myeni was appointed as the Acting Chairperson of the Board. In my view, the appointment of Mr Kona as CEO was not correct because the Board Chair is a formal appointment which comes through the Department of Public Enterprise ("DPE"). In my opinion, someone from inside the company should've been appointed to act or someone from outside the company should have been appointed to assume the duties of the CEO. I have no knowledge of who motivated the appointment of Kona to be CEO; and I cannot comment on the process that was followed as I was not part of that meeting.

11. Under the leadership of Ms Carolous, the Board did not interfere with the daily running of SAA. This changed under the leadership of Ms Myeni. Once Ms Myeni became acting Chairperson, there was considerable interference from the Board in the running of SAA, particularly in relation to procurement processes.

DEBT CONSOLIDATION

12. In February 2015, I was appointed as the Acting Group Treasury after the resignation of Mr Phetolo Ramosebudi, who went to work for Transnet. During that period, SAA was struggling financially and was in dire need of cash flow. The organisation was very unstable. The majority of senior personnel were in acting positions.

13. There had been a clash between the DPE and our Board due to delays in the issuing of the Government Guarantees. We were later told that we would no longer be reporting to the DPE and would be reporting to National Treasury. National Treasury then immediately came in and had an introductory meeting where they shared and stated their expectations.

14. National Treasury encouraged SAA to have a workable turnaround strategy and they wanted regular meetings. We agreed upon weekly meetings on specific serious issues, with a set Agenda, and continued with the Monthly

and Quarterly Meetings which focused on the strategic objectives and the Long Term Turnaround Strategy (LTTS) . DPE used to only meet us once a month and we would report to them on a quarterly basis.

15. National Treasury wanted us to produce a borrowing plan. National Treasury wanted at least a 5 year long-term borrowing plan. The plan needed to indicate how SAA was going to borrow and lessen the debt over time because, at that time, SAA was struggling to make repayments. Therefore, my first task was to write a borrowing plan.

16. I did research on how Transnet and the Development Bank of Southern Africa (DBSA) had formulated their borrowing plans. After doing my research, I compiled the document which I then submitted to the CFO, Mr Wolf Meyer. Mr Meyer was comfortable with my submission, and also made a few changes. We presented the plan to National Treasury. They said we should email the borrowing plan and they would perform track changes on the document and interrogate it.

17. My analyses showed that if we consolidated SAA's debt and then paid a single interest rate on longer terms, SAA would save at least R 400 million in interest. During that time, SAA was paying approximately R1.2 billion on interest alone.

18. National Treasury edited our borrowing plan and sent it back to us. The Financial Risk Sub Committee FRSC also reviewed the document from National Treasury and we were happy with their contributions. The borrowing plan proposal was then presented to Exco for their inputs. The final borrowing plan proposal was sent to the Board, and the Board approved it on 22 April 2015. **(Ann: CSB 01 – SAA Borrowing Plan)**

19. The funding process at SAA was not regulated by the Supply Chain Management Policy but rather fell within the scope of the Financial Risk Management Policy (**Ann: CSB 01A**). The practice at the time was to confine the funding to the major financial institutions because a) the major banks had the capability and capacity to borrow and lend large amounts, and b) the sensitivity and confidential nature of funding the company. It was not an area designed to involve new entrants, as distinct from the supply chain management policy which could accommodate new entrants.

20. After the Board approved the Borrowing plan, the next step was to test the market and see if the banks would favour consolidation of the SAA Debt portfolio.. We only went to the big five banks and requested formal proposals. We did not send a RFP to the open market.

21. SAA's current borrowing was substantial with various financial institutions and is summarised in the table SAA's Debt Maturity Profile **(Ann: CSB 02)**

22. In line with the approved Borrowing Plan, the SAA Treasury Team then proceed with the due process in sending an RFP for Consolidation of the full debt, to the various banks,

23. On 26 June 2015, I received an email from my colleague Michael Kleyn, Manager Cash Management, sending the latest request for Funding.

24. In an email dated 8 July 2015, Ms Yakhe Kwinana, a member of the Board at the time, raised concerns that we had not followed proper processes, and that the tender should be cancelled. However, we had followed process. **(Ann: CSB 03)**

25. I therefore wrote a letter to the Board in response to the email of 8 July 2015. **(Ann: CSB 04)** I emphasised that we were in the process of securing funding for SAA. There had never previously been interreference from the Board in the funding process. I was concerned about the impact on the market of recalling the RFP. I was also worried about the Board's claims that they were not consulted about the funding plan.

26. On 16 July 2015, Ms Myeni emailed Mr Meyer and informed him that the Board had resolved to withdraw the RFP for long term funding. She also requested that the Board be provided with a formal paper on the debt consolidation. **(Ann: CSB 05)**

27. The SAA Treasury Team then proceeded to prepare submissions for the Funding Requirement, as there were loans maturing. The documents were prepared for the FRSC, EXCO, Audit and Risk Committee and Board. A copy of one of these submissions is attached as **Ann. CSB 06)**

28. On 24 August 2015, the Audit and Risk Committee recommended to the Board that it adopt a resolution to the following effect: **(Ann: CSB 07 – ARC Resolution)**

    a. Issue an RFP for financing a total of R15 bn, (Debt Consolidation)
    b. The Board as whole and acting CEO should be included in the process of issuing an RFP, evaluating proposals and appointing bidders.
    c. Consider secured and unsecured funding when going to the market.

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d. Limit the RFP to the counterparties who had responded to SAA in February 2015, and other institutions that could be recommended by the Committee members.

29. On 26 August 2015; the Board adopted the Audit and Risk Committee's recommendations subject to the qualification that it would be the Board members and attendees who would be able to recommend other institutions than those who had responded to the February 2015 RFP. **(Ann: CSB 08)**. The Board added two further conditions: that the Chair be given an opportunity to inform the Minister prior to the issuing of the RFP and that the RFP be circulated to the Board members for input and approval.

30. The Treasury team then prepared an RFP and proposed list of entities to whom the RFP would be sent for approval by the Board (**Ann: CSB 09**) The entities were either nominated by the Board members or contacted SAA on an unsolicited basis.

31. On 18 September 2015, the Board approved RFP for the financing of R15 billion as well as confirmed the list of banking and non-banking institutions to which the RFP should be sent. (**Ann: CSB 10)**

32. On 23 September 2015; the "Request for long term funding" was issued to the potential funders of the R15 billion; the closing date was 13 October 2015 at 12h00 noon. Attached to the invite was a template "Term Loan Facility Term sheet". **(Ann: CSB 11)**

Mr Meyer's call to a meeting with a potential funder

33. Around this time, Mr Meyer informed me that he was called to a meeting with a potential funder for SAA. He met with the funder at their offices in Sandton. Amongst those present was Mr Jayendra Naidoo. During the meeting, he was called outside by one of the men present and was told that it was very important that they were awarded the tender for the funding transaction. The man said that it would be good for "SA Inc" and he said that he knew that "Number One" supported them getting the award.

34. According to Mr Meyer, he told them that there was a team that conducted the evaluation of proposals and that he was not in a position to ensure that they receive the contract.

35. Mr Meyer also told me that he recorded the conversation using the recording pen that was in his pocket. According

to Mr Meyer, the reference to "number one" was a reference to former President Zuma.

36. Sometime later, Mr Meyer was called to a meeting with Ms Myeni. During the meeting, his recording pen was removed by security. This made me suspicious that his office may have been bugged because it was unusual for people to have their pens removed from them when they went into a meeting.

37. Mr Meyer left SAA in mid-November 2015.

38. Ms Pumeza Nhantsi replaced Mr Meyer as the Interim CFO at the beginning of December 2015.

Responses to the RFP

39. Responses to the RFP were received from Seacrest Investments, Kinfedi, Innovex, Hamershlag, Standard Chartered Bank, ABSA and Nedbank. These proposals were evaluated and the Cross Functional Sourcing Team submitted the evaluation results to Finance Risk Sub Committee (FRSC) on 19 November 2015. On 22 and 24 November 2015, the same document was submitted to the Management Committee (MANCO) and Executive Committee, respectively. The Treasury Team recommended that Seacrest be appointed (para 33) and, in the unlikely event that the Seacrest transaction could not be executed, the team recommended that the funding be sourced from a combination of Standard Chartered, ABSA and Nedbank (para 34). The recommendation also required that a due diligence be done on Seacrest prior to the award of the bid (para 26). The alternative of appointing a combination of Standard Chartered, ABSA and Nedbank was included so that if Seacrest failed the due diligence, SAA would not be at risk. **(Ann: CSB 12)**

40. Seacrest had identified Grissag AG as its funder. I did some rudimentary investigations about Grissag and was only able to establish that they had two directors – one Russian and one South African. I had some reservations about the Seacrest proposal given how little was known about Grissag AG. The Committee decided that the issues should be taken up by Legal.

41. On 26 November 2015, Legal, Risk and Compliance submitted a report to EXCO dealing with the legal Due Diligence that had been done on Seacrest. The report highlighted the reluctance of Seacrest and its investors to release the required information and documentation pending to the outcome of tender evaluation and announcement of the successful bidder. However, it recommended that the due diligence process could be finalised after the

award of the tender by incorporating it as a condition precedent to the agreement with Seacrest. The team had therefore prepared a draft agreement which incorporated the provision of all the information and documents that had been outstanding from the due diligence as condition precedents to the agreement.

42. The report noted that the transaction would not proceed without these conditions precedent being satisfied. EXCO was therefore asked to approve the submission for the funding requirement pending the finalisation of the due diligence report and compliance with the conditions precedent as set out in the draft agreement. **(Ann: CSB 13)**

43. When I saw the Due Diligence report, I was concerned about its contents. I discussed the issue with Mr Meyer before he left, and Ms Mpshe, who was acting CEO at the time. I queried whether we should exclude Seacrest completely or still keep them in the recommendations and attach the Due Diligence report. It was agreed that we should submit all the information,

44. The same recommendation was therefore sent to the Board for approval, namely, that Seacrest be appointed to provide the full R15 bn, and in the event that the Seacrest transaction could not be concluded, that a combination of Standard Chartered, ABSA and Nedbank be appointed. **(Ann: CSB 14)**

45. The next SAA Board meeting was on 3 December 2015. Prior to the Board meeting on the 3rd of December, SAA received a letter from the Free State Development Corporation SOC Limited ("FDC") on 2 December 2015. I was not aware of this letter at the time but have subsequently been shown it by the Commission's investigators. The letter was from the FDC's CFO, Mr Shepherd Moyo, and quoted "P Nhantsi" as a reference. The letter also referred to prior discussions, stating that FDC is exploring a joint venture with a foreign investor who informed them of their appetite to fund state owned companies such as SAA. The letter further stated that the funder is offering low cost funding between 3% and 6%. The letter ended by indicating that it was not a commitment but "one of the solutions that could be explored in the future" (**Ann: CSB 15**). This was not a firm proposal at all. It was not specific about the applicable interest rate, nor did it identify the amount that wound be funded.

46. I was subsequently told that at the Board meeting on 3 of December 2015, the letter from the FDC was circulated to the Board. It is not entirely clear from the events I describe below whether the Board actually took the decision reflected below at the meeting of 3 December or later

around 8 December. Nonetheless, the decision of the Board that was communicated to me on 9 December was as follows: **(Ann: CSB 16)**:

a) To decline the secured term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments.
b) To decline the recommendation that in the event that the Seacrest transaction cannot be executed, the Standard Chattered, ABSA and Nedbank offers be executed.
c) To approve that the interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and/or dispatch all documents and notices related to the R14 billion loan offer received from a potential funder, the FDC, as per letter circulated at the Board meeting.

47. The reason given on Board resolution for concluding a funding arrangement with the FDC was that "as a state owned entity (SOC), the FDC carries less risk for the Airline and in the unlikely event of default by SAA; [sic] another SOC would treat SAA differently than a private lender".

FREE STATE DEVELOPMENT COOPERATION

48. The following Monday (07 December 2015) when I came to the office, there was still no Board resolution. Ms Nhantsi's secretary called me into her office. The secretary informed me that Ms Nhantsi wanted the background of our RFP for funding and also wanted to inform me of what transpired in the Board meeting.

49. During the meeting, I provided her with a background of the whole process and what had transpired.
Ms Nhantsi told me that the Board had resolved to appoint the FDC for the funding. I questioned how they could have been appointed because, to the best of my knowledge, they never sent in a proposal and were not part of the RFP and evaluation process. Ms Nhantsi told me that I did not have to worry about that and that all I needed to do was to write a ratification that FDC be appointed. To clarify, I was being asked to execute the Board's decision to approve FDC as the SAA's preferred funder. I refused; and told her that I was not willing to take any instruction without receiving the Board resolution. Ms Nhantsi told me that there was a Board resolution already; she was instructing me to do as she said. I insisted that I wanted to see the Board resolution first.

50. On Tuesday, 8 December 2015 Ms Dikeledi Raboroko, who worked with the company secretary, emailed the Board resolution regarding the R15 Billion Funding. **(Ann: CSB 17)**

51. On the same day, I forwarded the resolution to National Treasury. Ms Halstead from National Treasury responded. She emphasised that it was important that the process that was followed to select a funder(s) must be in line with the relevant legal framework and SAA's policies and governance processes. She also requested that National Treasury be involved as observers in the adjudication process. (**Ann: CSB 18**)

52. I also forwarded the resolution to the Cross Functional Sourcing Team (CFST) members and requested their comments. We had two options: the first option was to disregard this whole process and start from scratch; the second option was to send the RFP to FDC and request them to make a proposal together with the time sheet. There was lot of engagement on the way forward. Eventually, we agreed that we should send them the RFP so that they could submit their term sheet. We would then do an analysis, together with the other responses that had been received, and resubmit our recommendation to the Board.

53. There was a concern that we were already acting outside proper procurement governance processes because of the Board involvement and the fact that the deadline had long passed. I asked Ms Nhantsi if I could see the FDC document. She told me I could not as it was circulated at Board meeting and there was no need for me to see it. I therefore had no idea what was contained in the proposal. I had no name, no contact number, no email. I had no evidence that FDC had even made representations.

54. During December 2015, there were still funds in our bank accounts; we had R3 billion guarantees and we could use them as security. We borrowed the first billion in December. In January, we borrowed the second billion and in March we borrowed the third billion from various banks. Standard Chartered and City Bank were the ones who lent us the money but on a bridging basis.

55. On 10 December 2015, Ms Nhantsi provided us with the contact details for FDC. On 11 December 2015, Mr Michael Kleyn sent an invitation for a funding proposal to Mr Sheperd Moyo at the FDC. FDC was given two weeks to respond with the cut-off date being 24th of December 2015 **(Ann: CSB 19)**

56. One of the persons copied on the email sending out the invitation was Mr Ephraim Lusenga from the SAA Legal department. He queried whether a legal and financial due diligence was to be conducted on FDC. Ms Nhantsi responded that it would eb conducted and suggested that

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the Legal Department do so. She also suggested that the PIC and IDC also be approached for funding. However, I responded to this suggestion and highlighted that the PIC and IDC could not lend to SAA because their respective mandates did not permit such lending to SAA.(**Ann: CSB 20)**

57. On 24 December 2015, we received the FDC proposal (**Ann: CSB 21**).

58. On 5 Jan 2019, Mr Kleyn sent SAA's due diligence questionnaire and a draft government guarantee to FDC (**Ann: CSB 22**).

59. We reviewed their proposal at the beginning of the following year and compiled a summary analysis review . We initially met as CFST before we met Ms Nhantsi. I set up the meeting together with National Treasury so that we could have one meeting with everyone in attendance. During that meeting, I noted that the FDC document was exactly the same as Grissag/Seacrest's document, even the way it was designed. It had R15 billion, 5 year grace period, 5 years later repayment; the only difference was the interest rate. Seacrest/Grissag offered to lend us at 5.8% which was lower than the current repo rate; FDC came up with 4%. **(Ann CSB 23)**

60. The similarities in documents raised serious concerns to the team and we suspected foul play in the entire deal. When we conducted our evaluations, National Treasury attended as observers, they did not say anything but just observed how we conducted our meetings.

61. When we were done with evaluations, Ms Avril Halsted asked to speak from a Government perspective point of view. She stated that the FDC mandate is to fund development projects and operations within the Free State Province, they cannot be funding a state-owned company. However, their treasurer can talk to National Treasury and see if this can be possible. They do not have the capacity and their funding is far lower. They, in turn, get funded by the government and the likes of the DBSA. She also said even if they had saved enough money, it is not in their mandate to fund a state-owned entity.

62. There were already warning signs that something was not right. We therefore wrote a brief document setting out that they were not mandated to fund SAA or SOE's; that they probably do not have the capacity according to National Treasury and we did not know their financial status at all. We googled them and there was nothing much we could find about them. According to their website, their principal objective is to develop sustainable SMME projects that

creates jobs, growing balanced and profitable SMME loan portfolio and promoting BEE in the Free State Province.

63. We prepared the RFP Review Analysis document which we submitted to Ms Nhantsi and we met with Ms Nhantsi on 6 January 2016 and discussed our final analysis and stated that National Treasury had advised that FDC does not have the mandate to fund SAA. Ms Nhantsi stated that she would be meeting with FDC and that she would get back to us.

TRANSACTION ADVISOR TENDER

64. As we were about to leave the meeting, Ms Nhantsi said "oh by the way I forget to tell you, the board suggested that we find a transaction adviser". I said "okay, to do what?" She said, "well it's for them to look at our debt profile, to analyse the portfolio, to restructure our debts, etc". I responded that all that work had already been done within the Treasury department of SAA.

65. On 13 January 2016, Ms Nhantsi motivated to the Board of Directors for the appointment of a transaction advisor to assist SAA with the R15 bn Debt Consolidation restructuring exercise Despite being the Head of Treasury, I was unaware of this memorandum until later. I deal with this below. **(Ann: CSB 24)**

66. On 16 January 2016, Board approved the appointment of the Transaction Advisor for the R15 bn Debt Consolidation. This was before any process had been followed that identified a need for these services to be procured. **(Ann: CSB 25)**

67. On 7 February 2016, SAA issued a Request for Information on Transaction Advisory Services GSM0I0/2016. The RFI was an invitation to interested organisations and/or individuals to "provide information on transaction advisory services on options to augment funding proposals to grow SAA's business and deliver sustainable profitability and shareholder value in line with SAA's Long-Term Turnaround strategy". **(Ann: CSB 26)**.

68. On 3 March 2016, I received the BAC submission drafted by the Commodity Manager. This document set out the proposed evaluation criteria for approval by the BAC. **(Ann: CSB 27).**

69. After considering the document, I sent an email to Phumeza. I indicated that I was not in a position to sign the document as I had not been involved in the decision-making process and I needed to understand the rationale behind the appointment. I recommended a number of changes to the document. In particular, I was concerned about the following: **(Ann: CSB 28)**

a. *The ambiguity arising from the purpose of the appointment (to source and evaluate funding options), and*

b. *The motivation in which the BAC said that the bidder "will be required to demonstrate how it will source funding for SAA."*

c. *In my capacity as head of Treasury, I did not believe that SAA needed a middleman to source funding. I had previously worked directly with South Africa's major banks to source funding.*

70. The following morning, I received a call from Ms Nhantsi who requested to see me to obtain the necessary background. During this meeting, Ms Nhantsi informed me that she had already received approval from the Board for the terms and scope of the Transaction Advisor Tender. By this, she was referring to the 15 January 2016 memorandum between the CFO and the Board.

71. However, the letter of 15 January 2016 did not refer to the sourcing of funds. Thus, according to this, the Transaction Adviser would not be involved in the sourcing of funds. My response was thus that the RFP should conform to what was approved in the memorandum of 15 January 2016, in other words it should exclude the sourcing of funds.

72. On 09 March 2016, Mr Silas Matsaudza, the Commodity Manager in the Global Supply Management Unit, circulated a revised BAC (Bid Adjudication Committee) submission listing the relevant criteria for Transaction Advisor. I agreed with the revised criteria and thus signed the document. **(Ann: CSB 29)**.

73. On 11 March 2016, SAA submitted a Request for Proposals (RFP) GSM021/16 entitled: Appointment of a Transaction Advisor to Provide Financial Advice to SAA. The RFP was sent only to those entities that submitted bids to the RFI. The submission period closed on 18 March 2016. I was concerned at the time that a very short period was given for responses.

Under the Supply Chain Management Policy, the minimum period for the advertising of an RFP is two weeks.

74. SAA received bids from Deloitte & Touche, Regiments Capital, Basis Point Capital, Cinga Holdings, Nisela Capital, Nedbank Ltd and BnP Capital (Pty) Ltd (**Ann: CSB29A**). A copy of BNP's bid submission is attached as (**Ann: CSB 30**)

75. There was one critical criteria for the appointment of the transactional adviser under the RFP. The bidding entity had to be licensed as a financial services provider by the Financial Services Board. In its bid submission, BNP indicated that it held an FSB licence.

76. I was away (in Germany) from 19 March 2016 until 29 March 2016 due to the illness and the subsequent death of my mother-in-law. While I was away, the RFP would have been finalised and response of the bidders would have been analysed. Neither I, nor Michael Kleyn (the Cash Manager, who acted Group Treasurer, while I was away), were invited to take part in this procedure. If I had been invited to take part via e-mail, I would have done so despite being on leave.

77. In a letter dated 20 March 2016, SAA notified BNP Capital that it had been awarded the tender to provide transactional advisory services to SAA, signed by the Acting Head of Procurement, Mr Lester Peters. The letter makes it clear that it is not a binding contract and one will only come into existence when the necessary written agreement has been concluded and signed. I was not aware of the letter at the time but have subsequently been shown it by the Commission's investigators. **(Ann CSB 31)**

78. This letter, awarding the contract to BNP Capital, appears to have preceded the BAC recommendation for the appointment of a transaction advisor which is dated 15 April 2016. (**Ann: CSB 32**)

79. As I set out above, there was, in my view, no reason for SAA to have acquired these services because the work had already been performed by SAA's own Treasury department. Although I tried to convey this to Ms Nhantsi, she was adamant that the services were required.

SOURCING OF FUNDS

80. On 20 April 2016, I called another Cross Functional Sourcing Team meeting with Ms Nhantsi. I was told that the appointment of FDC was *"off the table"* and Ms Nhantsi stated she would now ask the Transaction Adviser to source funds.

81. My response to her (as well as the rest of the CFST team) was that she would have to follow a competitive bidding process for the sourcing of funds, as we had done previously. The function could not simply be awarded to BnP. Despite this, on 21 April 2016, the Board passed a resolution extending the scope of the Transaction Advisor contract with BnP to include the sourcing of funding of R15 billion for SAA. **(Ann: CS 33)**

82. I was unaware of this at the time. As I set out below, I only became aware of this during my meeting with Ms. Nhantsi on 6 May 2016.

83. It is unclear what the status of the Board resolution of 21 April 2016 was because it ought to have been preceded by a BAC process in terms of which the BAC motivated for the confinement of tender processes to allow BNP to be appointed.

84. On Friday 6 May 2016, Ms. Nhantsi asked me to sign a BAC submission which supported the confinement and awarding of the contract for sourcing of funding to BnP at an initial success fee of 3% which equated to R300 Million. I refused to sign the document. I advised Ms. Nhantsi that, first, the process for the confinement was not being properly followed and that secondly, the calculated fee was too high, particularly since the SAA management was tasked with saving costs for the company, and thirdly that I was tasked in my Balance Scorecard to save R300 Million for SAA.

85. Ms. Nhantsi requested that I provide her with the interest costs paid in the previous financial year and that I also provide her with the indicative fees on Monday, 9 May 2016. I advised Ms. Nhantsi that I would be away on leave for the following week and that I would request my Deputy, Mr Kleyn, to provide her with this information.

86. I then discussed this BAC submission with Mr Kleyn. I asked him to review the BAC submission for confinement to source funds to BnP and to provide indicative fee rates to Ms. Nhantsi. I instructed him not to sign the BAC submission in my absence. I took leave from 9 May 2016 until 16 May 2016.

87. On 11 May 2016, I received a "WhatsApp" message from my colleague Mr Kleyn who advised that he had signed the BAC submission, and that he was put under pressure to sign. I thereafter on the same day wrote a "WhatsApp "message to the National Treasury Staff – Avril Halstead and Ravesh Rajlal. **(Ann: CSB 34)**.

88. On 11 May 2016, SAA's Global Supply Management Unit made a request to the BAC to support the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital, and my colleague Michael Kleyn signed as Acting Group Treasurer **(Ann: CSB 35)**.

89. The GSM Unit's submission stated:

> *"After an assessment of the airline's current financial position, the Transaction Advisor pointed out the urgent need to source funds to settle the loans that are about to mature.*
>
> *Motivation*
>
> *Loans to the value of R7.3 billion are maturing on 30 June 2016 and SAA is obliged to settle the loans on or before the maturity date. Due to time constraint, the only feasible approach is to engage the appointed Transaction Advisor to urgently source the funds required to settle the loans. Sourcing of funds was not included in the Transaction Advisor's scope of work as SAA believed that funds could be successfully sourced without the Transaction Advisor's assessment. The outcome of SAA 's efforts to secure funding without the assistance of the Transaction Advisor in the market has proved otherwise. It is against this background that, GSM on behalf of the Business Unit is requesting for BAC support to confine and award the contract for the sourcing of funds to settle the loans maturing on 30 June 2016 to BnP Capital (Pty) Ltd. A duly signed confinement declaration form is attached as Annexure A."*
>
> *Financial Implications*
>
> *The industry norm is that Transaction Advisors charge a success fee ranging from two (2) to three (3) percent of the funds sourced and SAA negotiated the percentage with the Transaction Advisor. The two parties settled for a success fee of one point five (1.5) percent should BnP Capital (Pty) Ltd be tasked to urgently source the funds.*
>
> *Indicated below is the projected success fee to be paid to BnP Capital (Pty) Ltd if the Transaction Advisor succeeds in sourcing the R 15 billion required to settle all the loans. The success fees will not be a once off payment. The terms will be negotiated with the*

Transaction Advisor to ensure that the payments of the success fee are staggered."

90. The proposed success fee is indicated as R225 000 000 (excluding VAT) being 1.5% of R15 billion.

91. In short, the submission says that SAA's need to source funds to settle the loans that are about to mature is urgent and therefore, notwithstanding the fact that SAA did not contract with BnP to source funds, the BAC should approve the *"extension"* of its existing contract to include the sourcing of the RI5 billion required.

92. The claim that the need to source funds was urgent is curious in the light of the fact that SAA first issued an RFP to source funds in June 2015 and that its own procurement policy clearly states that poor planning on SAA's part can never be regarded as a ground of urgency.

93. As I set out above, despite my instruction to Mr Kleyn not to sign the GSM Unit's submission, he did so while I was on leave. Mr Kleyn subsequently informed me that he was put under pressure to sign the document. He was told that he did not make the decisions, the Board did, and the Board would be accountable. Thus, he should not worry, and he should sign the document.

94. The Confinement Declaration was attached to the submissions. It provides that *"I hereby declare that the above-mentioned supplier/s is/are the only supplier/s ... for business reasons to date that is/are eligible to participate in the forthcoming procurement Process aimed to secure the supply and delivery of the requested goods/services."* (**Ann: CSB 36**)

95. On 13 May 2016, the BAC approved the recommendation from the GSM Unit. **(Ann: CSB 37)**

96. The BAC Submission Checklist was signed by the Commodity Manager and the Manager: Operational Compliance, Mr Silas Matsaudza. On the table of *"Key Evidence of Submission Compliance"* is written *"NIA"* for the following categories: Confirmation of a signed Business Case; Details of tender, number of bidders and acceptance of bids based on the critical criteria, Bid evaluation documents, Financial due diligence, Bid award recommendation, Financial impact assessment; Assessment of fair value; Risk Assessment; Contracting terms and conditions, and final recommendation. **(Ann CSB 38)**

97. This means that the officials involved regarded as *"not applicable"* the need to determine *inter alia*

whether, in the context of a contract worth R256 500 000 and aimed at rescuing SAA from financial ruin, SAA would be getting fair value for money and SAA was contracting with a worthy entity following a due diligence process.

98. I returned from leave on 17 May 2016. Mr Kleyn informed me of what had happened in my absence. He gave me a copy of the submission he had signed.

99. On 18 May 2016, I addressed e-mails to various Banks requesting hypothetical quotes for sourcing funding. The quotes that I received were significantly lower than the 1.5% success fee that was to be paid to BnP. Copies of the e-mails are attached and marked (**Ann: CSB 39**).

100. On 20 May 2016, I wrote to Ms Nhantsi to express my concerns about the BAC's approval of the GSM Unit's recommendation, and in particular, the approval of a fee of 1.5% to be paid to BnP **(Ann: CSB 40)**. I explained that I had requested *"hypothetical quotes"* from three banks. I attached the hypothetical quote from ABSA and explained that on my calculations *"SAA can save 5 sixths of the funds calculated for the B Capita Transaction"*. I stated that even if SAA chose the highest fee of 0.5 %, the amount would equate to R85 million inclusive of VAT. I recommended that SAA issue a new RFP for a Transaction Advisor to source funds. I warned that *"From a reputational perspective for SAA, the fee amount would send the wrong signals to the market, and especially our Bankers."*.

101. In the interim, however, Ms Nhantsi decided not to draw my concerns to the attention of the Board and instead to secure their approval of the award to BNP. The approval was secured by round robin resolution by 24 May 2016. I deal with this below. At the time, I was not aware that the Board had given its approval in the interim and so on 24 May 2016, I followed up with Ms Nhantsi. **(Ann: CSB 41)**

102. On 25 May 2016, I forwarded a response and *"hypothetical quote" emails* from RMB and ABSA to Phumeza Nhantsi (**Ann: CSB 42**).

103. On 25 May 2016, I sent an "sms" to Ms Nhantsi enquiring whether she had looked at the emails and if we could discuss the issue. Ms Nhantsi responded to the sms. In summary, she refused to meet with me and stated that she did not need the information that I had given her. I informed her that I was of the opinion that it was unethical to pay these large amounts when SAA could, in fact, pay less. Ms Nhantsi took offence to me stating this. I also confirmed this

in an email on the same date at 11h13, and did not get a response to my email. **(Ann: CSB 43)**

Board approval

104. The SAA Board Submission was prepared by the GSM Unit dated and signed on 18 May 2016 and submitted for Board approval. **(Ann: CSB 44)**

105. The SAA Board of Directors approved the BAC and GSM Unit recommendation by way of round robin vote on 24 May 2016. The Board of Directors' Written Resolution No 2016/B16 states "The Board by Round Robin 2016/BI 6 as of 24 May 2016 RESOLVED to approve the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital (Pty) Ltd." **(Ann: CSB 45)**

106. I only found out that the Board had approved the BAC and GSM Unit Recommendation on 30 May 2016. I was told this by the Commodity Manager, Mr Silas Matsaudza when I enquired about what had happened in this regard. Thereafter, I subsequently received a copy of the resolution from the company secretary.

107. On 25 May 2016, BNP was notified that it had been appointed to secure funding of R15 bn for SAA, in a letter signed by Mr Lester Peter – Acting Chief Procurement Officer. Mr. Mahlangu signed this letter on 3 June 2016. The email notifying BNP of the Letter of Award was sent by Silas Matsaudza. The letter of appointment differs from the one that had been sent to BNP when it was appointed as transaction advisor. When it was appointed as transaction advisor, the letter clearly stipulated that the letter, itself, did not create any binding agreement between the parties. By contrast, the letter appointing BNP to source funds for SAA did not include such a caveat. It simply stated that the letter set forth SAA's understanding of the terms and conditions of BNP's engagement. It also said that any services rendered by BNP prior to signing of an agreement would be governed by SAA's general conditions of contract. **(Ann: CSB 46)**

THE CANCELLATION FEE

108. On the same day, 25 May 2016, BNP responded to SAA with a letter acknowledging and accepting the mandate to source funds for SAA. In the Acceptance of the Mandate, BNP indicated that it was already "engaged in the sourcing of efficient funding from [its] partners globally, including private equity funders, investors and development institutions who are funders into the aviation industry".

I.P

This is curious because BNP had only been appointed to perform this work on that very day. The letter went on to state that should SAA decide unilaterally to terminate BNP's services, a cancellation fee of 50% of all its fees would be due and payable within 5 days. (**Ann: CSB 47**). As no loan agreement had yet been signed between SAA and BNP, the discussion of a cancellation fee was very unusual.

109. The process SAA would normally follow after selecting a preferred bidder and writing to the bidder to inform it that it had been allocated a tender, is that the Legal Advisor who was part of that CFST team, would commence with setting up the Legal Agreement between SAA and the Preferred Supplier for funding. During this process, the Legal Agreement would be drawn up by the Banks (potential funder), and the SAA Legal Team and the National Treasury Legal Team (because they are providing the government guarantee to the loan) would be involved in the entire process of the legal process, until there is full agreement and consensus between the three Legal teams.

110. On 25 May 2016, Minister Gordhan wrote to Ms Dudu Myeni, requesting SAA to stop any further dealings with FDC as the process to obtain funding from FDC contained "material flaws". It stated that the Minister had concluded that SAA was unable to conclude the Debt Consolidation within the specified deadline and that SAA should continue the rolling over of maturing debt into longer term debt. I was unaware of this letter at the time; I have been shown it by the Commission's investigators. **(Ann: CSB 48)** The Minister's letter was a response to a letter dated 15 March 2016 from the Chair of the SAA Board, Ms Myeni. I have been shown a copy of this letter by the Commission's investigators. It is attached as **(Ann: CSB 49).**

111. As I explain in more detail later, I engaged the assistance of OUTA when I blew the whistle on this transaction. In preparing my case, OUTA was able to obtain documents from Grissag AG. These included a letter signed by BnP Capital's Mr Mahlangu addressed to Peter (who I assume to be a reference to Mr van der Merwe of Grissag). Attached to the letter is a Term Sheet which states the names of Sergey Pokusaev (date 25 May 2016) and Phumeza Nhantsi (date 08 June 2016),. **(Ann: CSB 50)**

112. On 31 May 2016, BNP wrote again to SAA and claimed that the cancellation fee equated to "BNP's actual cancellation costs". (**Ann: CSB 51**).

113. On 2 June 2016, Ms Nhantsi wrote to BNP and said that she would seek to secure Board approval for the cancellation fee (**Ann: CSB 52**). I was unaware of this letter at the time. What is noteworthy about it, however, is that it attaches a signed draft Term Sheet. This letter and Term sheet were

shown to me by the Commission's investigators. The Term sheet is between SAA and Grissag, and signed by Sergey Posusaev on 25 May 2016, and Phumeza Nhantsi on 2 June 2016. The cover letter refers to a "cancellation fee of 50% " to be paid to BnP Capital. But the term sheet is signed with Grissag, and not BnP Capital.

114. On 08 June 2016, BnP Capital sent a letter to SAA, stating that Grissag AG had been chosen and tasked to fund the total of R15 bn around the globe. **(Ann CSB 53)**

115. I was made aware of 8 June letter from BNP by the Commission's investigators. The letter refers to a meeting between the National Treasury / SAA / SAA Funders held on 3 June 2016. During that meeting, Ms Nhantsi told each of the SAA funders, who were only the 5 major banks, in separate meetings, that SAA was imminently due to receive the R15 bn Consolidation of Debt Loan. It is strange for me that BnP Capital, who were not invited to that meeting, should have knowledge of the details of those meetings. SAA and National Treasury had separate meetings with each of these Major Banks, as the risk exposure and the terms and conditions and Loan Agreements were all structured differently with each party.

116. In the second part of BNP's letter to SAA, they refer to Grissag's involvement and allude to "costs putting together Term Sheets" and "Grissag having to keep directors in Paris, and in the process incurring flights and accommodation costs".

117. The letter ends with a paragraph requesting that SAA signs off the Term Sheet and omits the words "Not Binding". The letter again refers to the cancellation fee.

118. It appears that Ms Nhantsi followed suit and signed the term sheet without the reference to it being non-binding because I have been shown a copy of a stamped term sheet signed by Ms Nhantsi on 8 June 2016 (**Ann: CSB 54**).

119. I have been shown certain email correspondence between BNP and SAA by the Commission's investigators over the period 27 June 2016 to 4 July 2016. These are attached as **Ann: CSB 55**. They reflect the following:

a. On 27 June 2016, Mr Mahalngu of BNP sent a draft loan agreement for Grissag AG to Ms Nhantsi at SAA.
b. Ms Nhantsi forwarded this to Ms Ursula Fikelepi, who was in the SAA legal department, to

review.

c. On 1 July 2016, Ms Fikelepi responded to Ms Nhantsi and recommended that specialist advice be obtained on the transaction.

d. On 4 July 2016, Ms Nhantsi forwarded the email from Legal to a person referred to as "Bhuti".

e. On the same day, this email is responded to by Mr Masotsha Mngadi. He refers to Ms Nhantsi as "Sis wam" and raises concerns about the delays that Ms Fikelepi's request for specialist advice were creating.

f. Ms Nhatsi responded to this email a few minutes later again addressed to "bhuti" and asked for the letter regarding the cancellation that reflects the fee of R49.9m to be sent through on a letterhead.

120. I have also been shown a letter by the Commission's investigators, dated 1 July 2016. In the letter, BnP Capital wrote to the CFO of SAA, again referring to Cancellation Fee of 50% regarding the Mandate of Fundraising for SAA. In the letter, BNP stated that they have "consulted with Grissag AG, and the issue is the substantial cost of their penalty", should BnP cancel. They also proposed a new cancellation fee of R49.9 million (exclusive of VAT). **(Ann: CSB 56)**

121. This letter was then followed by another letter on 4 July 2016, This document was also shown to me by the Commission's investigators. This Letter and the letter received on 01 July are exactly the same wording, and yet the Letterhead style of the document are different. **(Ann: CSB 57)**

WHISTLE-BLOWER

122. After the Board approved BnP to provide the funding requirements, I was left feeling extremely uncomfortable about it. I found the following aspects particularly disturbing:

a. The role of the Transaction Advisor as described in the RFP scope of works was to conduct analyses and advice to SAA. That contract was worth R2.8 million. The role of capital raiser was to source funds of R15 billion. That contract was worth R256 million (including VAT). An exceptional large scope change and scope increase in fees.

b. I did not believe that that SAA required a third party to raise the funds at all. In the past, SAA has gone directly to the banks to raise the money itself, thus avoiding payment of commission to a middleman. My email exchange with various banks illustrates first, that

BnP's services are not required and that secondly, even if SAA required a funding servicer, South Africa's major banks would source the funds at a fraction of the price BnP planned to charge.

c. SAA decided to award the contract to BnP without running a competitive tender process, as it was required to do in terms of its own procurement policy. SAA did not even call for three quotes. It purported to employ a "confined tender process" in circumstances in which its procurement policy did not permit it to do so. SAA avoided the procurement process on the basis that BnP was the only supplier who could perform the service when this was obviously not the case.

d. The significantly higher than market rate fee that SAA was going to pay for this service. It was going to cost SAA R225 000 000.00 when the highest hypothetical quote obtained from the Banks was R 85 000000.00. This in the context of a contract that was supposed to save SAA from financial ruin.

123. My feeling was that I could not simply acquiesce in the face of these irregularities and illegalities and the massive amount of wasteful and unnecessary expenditure to tax payers as a result. I did not think that I could live with myself if I did.

124. I consequently began to consider becoming a whistle-blower. As I set out above, on 11 May 2016, while I was on leave, I became so concerned about the pressure that had been put on me to sign the BAC submission approving the confinement that I sent a whistle-blower WhatsApp message to two persons from National Treasury, Avril Halstead and Ravesh Rajlal detailing the irregularities and my concerns. I received no response from them.

125. At some stage during May (I cannot remember precisely when, but it was after the meeting of 6 May 2016 with Ms Nhantsi, and after the Round Robin Board approval) I went to see another colleague, Mr Joshua Du Plessis (EXCO Member, Acting Head for Group Strategy). I asked for advice as to how I should go about disclosing the approval of the BnP funding requirements contract. He advised me not to disclose it internally because it would go to the Board and it would either be concealed and/or I would be suspended immediately. He cited the example of a colleague, Mr Silvain Bosc (who had been the Chief Commercial Officer) to whom this hadhappened.

126. Towards the end of May 2016, I discussed the matter with my daughters and husband. I told

them of my extreme feelings of discomfort and the fact that I did not think I could simply remain silent. They said that they empathized with the difficult position that I was in, that the decision was mine to make, and that they would support me whatever I decided to do. My husband expressed his concern that if I proceeded to make a disclosure it might lead to my physical safety and possibly my family's being threatened or put at risk. I told him that I appreciated his concern and his need to put our family's safety first but that regardless, I was not sure that I could remain silent.

127. On 3 June 2016, I discussed the matter with my brother-in-law. He advised me to think of myself and my self-preservation first by which I understood him to mean that I would more than likely lose my job. I responded that I did not think I could do so and simply remain silent. I felt morally obligated to attempt to challenge the appointment of BnP to source funding. The only way I could so was by becoming a whistle-blower.

128. On 23 June 2016, Mr Higgo du Toit who also works for National Treasury contacted me and asked me if he could come and collect supporting documents in relation to my disclosure to Ms Halstead and Mr Rajlal. He came and collected the documents. I did not hear anything further from him in this regard.

129. On the following Saturday I received a call from Ms Thuli Mpshe, who had been the General Manager: Human Resources but who was suspended at the time. I had previously explained my concerns to her regarding the BnP contract and that I was considering becoming a whistle-blower but that I was unsure as to the most effective way to do so. She suggested that I contact National Treasury, the Public Protector and/or OUTA.

130. Within the following week, I submitted a complaint to the Public Protector through Corruption Watch. I received an acknowledgment of response. However, I have not heard further from the office of the Public Protector. Appreciating that, at that stage, the commencement of implementation of the agreement with BnP was to take place imminently; I accepted that I needed to take action beyond just waiting for a response from the Public Protector's office and National Treasury as matters became very urgent, bearing in mind that the repayment of the loans (R7.3 billion) was due on 30 June 2016.

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131. I had also contacted Mr Wayne Duvenage from OUTA. Ultimately, he and I were able to meet on 1 July 2016 and had several meetings subsequent thereto. On the basis of my disclosure, OUTA launched an urgent application against SAA seeking to challenge the contract entered into with BnP. The Letter was from Attorneys Webber Wentzel dated 07 July 2016. (**Ann: CSB 58**).

132. On 4 July 2016, after having discussed matters with OUTA, I knew that I needed to obtain the documents regarding BnP's bid proposal which I had previously requested but not obtained. In my capacity as Head of Treasury such documentation ought to have been available to me particularly since it was SAA's debt portfolio that was involved (an area over which I had responsibility and I accordingly would need to know who I would be working with). I had made requests to Mandy Coetzer and Mr Matsaudza for the proposal. They did not, however, provide me with the proposal. I maintained my view that these documents were necessary in order to make the whistle-blower disclosure. In fact, the bid documents were the only document that could either confirm or allay my fears in relation to the lawfulness of the transaction.

133. On the 4th July 2016, I decided to go and see Mr Matsaudza to ask him for these documents. I went to his office a few times during the day and, just after 16h00, I was informed by one of the SAA employees who shares his office (it is open plan and accommodates six employees) that he had left for the day.

134. As I was about to leave the communal office, I saw the BnP proposal on a pile of documents on the floor next to his desk. I took it and scanned it to myself and left the hard copy on my desk with the intention of returning it to him the following day.

135. I have subsequently learnt that on 4 July 2016, Ms Nhantsi made a request to the SAA Board to approve the 50% cancellation fee to BNP. The motivation disclosed that BNP had engaged the services of Grissag AG to secure the funding for SAA and Grissag AG had incurred costs pursuant to its role. Approval for a total cancellation fee of R49.9 million was requested **(Ann: CSB 59)**.

136. Only Ms Myeni voted in favour of this cancellation fee being paid to BNP (**Ann: CSB 60**).

137. The following day, 5 July 2016, I returned the BnP File to Silas Matsaudza . I told him that I had come the previous day to request to see it, that he had not been there, that I had seen the document on the floor and that I had taken it in order to review it. I saw nothing

sinister in my conduct particularly since such document was one that I would have been entitled to see this document as it was part of sourcing funds, and I would have needed to work with this client in any case and had the process for the procurement of Funding been run correctly.

138. Mr Matsaudza became extremely angry and this surprised me as I had not done anything out of the ordinary. He asked me why I had taken his documents and I said that I needed to see it. He told me that he was going to report me to the acting Chief Procurement Officer, Mr Lester Peters and Ms Nhantsi. I told him that I had to leave to go to a National Treasury meeting, but we could discuss the matter further on my return.

139. When I was on my way to the National Treasury meeting, I received a phone call from Ms Nhantsi. She told me that Mr Matsaudza was with her and that he had told her that I had taken documents from his desk and that I was going to disclose them to National Treasury.

140. I informed her that Mr Matsaudza had misunderstood me. I told him that I had taken the documents for my own purposes, that I was on my way to the National Treasury weekly meeting and that we could discuss the matter further when I returned.

141. Ms Nhantsi then said that she would hold me responsible if the documents ended up in the hands of the media. I expressed surprise at this - I said to her that I did not see how the documents were going to end up in the hands of the media - I certainly did not have any intention of disclosing them to the media. She responded that she would nonetheless hold me responsible if they did.

142. Ms Nhantsi then instructed me not to attend the National Treasury meeting because she believed that I was going to disclose the documents to them. I reiterated that I was not going to do so. She nonetheless instructed me not to attend and said that we would discuss the matter further when I returned to the office.

143. At or about 16h00 on the same day, 05 July 2016, Ms Nhantsi called me to her office. There was a representative of Human Resources, Mr Mbongeni Manqele, present. She read my suspension notice to me, which essentially stated that I was suspended for further investigation or a disciplinary hearing **(Ann: CS 61)**.

144. I asked her whether I could explain my side of what had occurred and my reasons for taking the documents. She responded that I could not, that I had to sign the suspension letter, and the I had to find my own legal assistance.

145. I have not at any stage spoken to or given a statement to a member of the media. On 5 July 2016, the day of my suspension (and after I had received my letter), I received a phone-call (in the later afternoon) from a journalist from the Sunday Times, Mr Sabelo Skiti. He asked me whether he could interview me, off-the-record. I asked him who had given him my contact details. He responded that it was someone who had told him that my job may be in jeopardy. I refused to meet with or speak to him.

146. I have been shown a letter by the Commission's investigators dated 8 July 2016, in which BNP informed SAA that it had received a letter from the FSB dated 12 May 2016 indicating its intention to suspend BNP's FSP licence. BNP disclosed to SAA that the reason for the suspension was that BNP's key individual (Mr Mhlangu) had not yet passed his first level regulatory examinations. BNP indicated that it had requested the FSB not to withdraw its license because there were plans for the examinations to be written later in the month. **(Ann: CSB 62)**

147. The Commission's investigators have also shown me the Financial Service Conduct Authority (which replaced the formed Financial Services Board)'s response to a request for information from the Commission (**Ann: CSB 63**) This response and accompanying documents show that Mr Mahlangu was informed on 23 March 2016, and not on 12 May 2016, that the FSB intended to suspend his licence. On 12 May 2016, the licence was suspended. I was aware of some of these details previously because OUTA had made enquiries of the FSB when it was working on my case. The answers it received from the FSB are attached here as **Ann: CSB 64**.

148. I have also been shown a letter by the Commission's investigators dated 15 July 2016 in which BNP again sought to advance the funding arrangement despite the suspension of its FSP licence (**Ann: CSB 65**)

149. I am aware that on or around 13 July 2016, a number of media articles were published regarding my suspension and the BnP contract (and the background to it). I was not the source of these articles. I can only surmise that another employee of SAA or member of the Board, or OUTA were leaking information to the press. **(Ann: CS 66).**

150. On 14 July 2016, I was contacted via sms by Ms Joy

Summers from Carte Blanche. She asked me whether she could interview me. At first, I agreed to being interviewed. However, after taking advice from my attorneys not to talk to the media at this stage, I responded to Ms. Summers stating that I had been advised against speaking to the media. **(Ann: CSB 67).**

151. On 21 July 2016; OUTA at the High court. On the same day, SAA released a press statement where they announced the cancellation of BnP deal **(Ann: CSB 68).** During the press conference SAA denied that they had a contract with BnP and further stated that there was no need of BnP services; since they had already conducted their own due diligence.

152. On 27 July 2016, I was called to a meeting with Ms Nhantsi and the Acting GM: Human Resources, Mr Mbongeni Manqele, to receive notification of the disciplinary charges against me. The following is evident regarding the charges against me **(Ann: CSB 69)**:

a. The first charge arises from me taking the documents regarding the BnP bid proposal from Mr Matsaudza's office and making a copy of it. It appears (from paragraph of the charge sheet 8.1.2) as if I was charged with disclosing the contents of the bid proposal to the media. As stated above, I did not disclose the contents of such to the media, nor have I given a statement to the media. However, I am advised, and I submit that even if I had done so, such disclosure would be protected under the Protected Disclosures Act.

b. The third and fourth charges are in essence that I disclosed *"confidential information to third parties"* in contravention of my contractual undertakings to SAA and SAA's Anonymous Reporting Policy. It is thus evident that these charges must arise from my disclosure to OUTA and/or my alleged disclosures to the media.

153. In response to a question as to what my rights were, I was informed that I was entitled to legal representation at my own expense. Alternatively, I could *"go to the CCMA"*. I signed the notification and charge sheet and left.

154. I was informed by OUTA that during their investigation they went to BnP Sandton offices where they established that it was a makeshift office with no furniture.

155. I initially decided to challenge my suspension. However, whenever dates were set and confirmed with the CCMA, SAA came up with the reasons for the postponement of

the case. These continued postponements and delays happened from September 2016 through to February 2017. I was stressed and frustrated.

156. SAA then offered me six months' salary with no benefits. My lawyer advised me to take the settlement and early retirement as I would turn 60 years in December 2017. I accepted the settlement in order ot bring an end to the process.

157. I now only receive my normal pension from my Provident Funds. I should have been entitled to receiving Travel Benefits given the seniority of my position as Group Treasurer as well as my impending retirement age. I, however, received none of these travel benefits. According to Cathy Mofokeng (the then HRBP for SAA Treasury Department), I should have received an amount of R4 million in settlement as this would have been the calculation up to the age of 63 plus the Travel Benefits.

158. On 20 April 2018, there was a Disciplinary Hearing against Mr Zwane and Ms Nhantsi. I was requested by Cliff Dekker Hofmeyr,to testify as a witness, against Ms Nhantsi and Mr. Musa Zwane. Cassim SC chaired these proceedings. He found that both Ms Nhantsi and Mr Zwane had conducted themselves badly and dishonestly. He found that Ms Nhantsi in particular failed to justify her conduct in the face of overwhelming evidence that she did wrong. He recommended that her conduct be reported to the relevant authorities who regulate the conduct of chartered accountants. At the conclusion of the disciplinary process, they were both suspended. **(Ann: CSB 70)**

DEPONENT

I hereby certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was signed and sworn to before me, Commissioner of Oaths, at Bonaero Park on this the 16 day of May 2019 the regulations contained in Government Notice No R1258 of 21 July

1972, as amended, and Government Notice No R1648 of 19 August 1977, as amended, having been complied with.

2055585-0
Sgt Y. Phoko

COMMISSIONER OF OATHS

2019 -05- 16
CLIENT SERVICE CENTRE
PARKVIEW
SOUTH AFRICAN POLICE SERVICE

FULL NAMES: Iris Phoko

ADDRESS: 71 Dundalk Avenue
Parkview

EX OFFICIO: SAPS

COMMISSION OF INQUIRY INTO STATE CAPTURE

CSB 01

CASS-032
CSL01

FW: EXERPT - 32 SAA BORROWING PLAN FY2016-18

Michael Kleyn <MichaelKleyn@flysaa.com>
23/04/2015 at 15:48:52

From: **Michael Kleyn** <MichaelKleyn@flysaa.com>
Sent: 23/04/2015 at 15:48:52
To: **Jannie Louw** <JannieLouw@flysaa.com>, **Cynthia Stimpel** <CynthiaStimpel@flysaa.com>
Cc:

1 Attachment(s) Total 21.2 KB View

32 SAA BORROWING PLAN FY2016-18.pdf (21.2 KB)

WOW

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com

Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

---

From: Dikeledi Raboroko
Sent: 23 April 2015 03:48 PM
To: Wolf Meyer
Cc: Michael Kleyn; Lyndy Henderson; Corrie Engelbrecht; Barry Parsons
Subject: EXERPT - 32 SAA BORROWING PLAN FY2016-18

Good afternoon

Kindly find accompanying for your attention and necessary action.

Regards

Dike

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com

Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

COMMISSION OF INQUIRY INTO STATE CAPTURE

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SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2015/B32: SAA BORROWING PLAN FY2016-18

The Board by Round Robin 2015/B32 as of 22 April 2015 **RESOLVED** to approve the SAA Borrowing Plan for the financial years 2016 to 2018.

Certified a true copy.

Mabana Makhakhe
Acting Company Secretary

Date: 23/04/2015

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

Directors

DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Acting Company Secretary – Mabana Makhakhe

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

Dear Barry

Kindly find attached the SAA Borrowing Plan, duly reviewed and updated. I have included a cover memo, and if not required, please advise.
We trust you will find everything in order.
Thanks and Best regards
Cynthia
On behalf of the Finance Team

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

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IP

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
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To:	**THE SOUTH AFRICAN AIRWAYS BOARD COMMITTEE**
From:	**CHIEF FINANCIAL OFFICER**
Date:	**17 April 2015**

THE SAA BORROWING PLAN – FY2016-2018

1. PURPOSE

To provide the SAA Board Committee with the SAA Borrowing Plan for the period FY2016 – FY 2018.

To request that the SAA Board to approve the SAA Borrowing Plan for the Financial Years 2016 to 2018.

2. BACKGROUND

The SAA Borrowing Plan embodies SAA's desire to proactively manage its debt within an environment of increased accountability and transparency. This document provides the basis under which the Borrowing Plan will be executed. Guided by the Borrowing Plan, the management of SAA would like to pursue a strategic approach to borrowing that is designed to return its debt to sustainable levels by ensuring that the overall borrowing requirements are met at a minimum cost and are consistent with a prudent degree of risk.

The Borrowing Plan was prepared based on the following assumptions which are aligned with the Budget and the Corporate Plan.

- Brent Crude Oil price at USD80
- ZAR-USD Exchange rate of R11.75

3. MOTIVATION

This document sets out SAA's Borrowing Plan for the three-year financial period starting 1 April 2015 (i.e. the FY16 to FY18). To ensure that the requirements of Regulation 29.1.6 are addressed to the greatest extent possible, the Borrowing Plan:

- Summarises SAA's recent financial performance and present financial position to establish the context in which the Borrowing Plan must be understood;
- Details SAA's existing borrowings, including salient terms, maturities, covenant compliance or / non-compliance, Government guarantees and motivations (where applicable);
- Summarised SAA's Corporate Plan briefly; and
- Describes as best as possible SAA's forecast borrowing activities over the Corporate Plan period of FY16 - FY18, including the link between it and the Corporate Plan, bearing in mind that debt market conditions and SAA's own financial requirements are likely to fluctuate, which necessitate flexibility.

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
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4. COUNTER PARTY

The affected counterparties are Treasury, Finance, EXCO, AUDIT and Risk Committee and SAA Board.

5. STRATEGIC IMPLICATIONS

The borrowing plan details how the SAA strategic implementation will be funded.

6. FINANCIAL IMPLICATIONS

None as per the approved Budget – however the non-compliance of the management of Borrowing Plan could result in huge financial impact for SAA.

7. LEGAL IMPLICATIONS

The SAA Borrowing Plan has PFMA and Treasury Regulations implications.

8. APPROVAL PROCESS

SAA Board

9. RECOMMENDATION

It is recommended that the SAA Board Members approve the SAA Borrowing Plan detailing the forecasted borrowing requirements for the period FY 2016 to 2018.

SIGNATURES:

1. Compiled by:

Wolf Meyer
Chief Financial Officer

Signature

IF RECOMMENDED TO BOARD SIGNED BY:

3. Recommended/not recommended by CEO:

Nico Bezuidenhout
Acting Chief Executive Officer

Signature

IP

SOUTH AFRICAN AIRWAYS

BORROWING PLAN

FY16 to FY18

Strictly Private and Confidential

17 April 2015

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Preamble

This document represents the Borrowing Plan for the South African Airway Groups. The Borrowing Plan embodies SAA's desire to proactively manage its debt within an environment of increased accountability and transparency.

This document provides the basis under which the Borrowing Plan will be executed. Guided by the Borrowing Plan, the management of SAA continues to pursue a strategic approach to borrowing that is designed to return its debt to sustainable levels by ensuring that the overall borrowing requirements are met at a minimum cost and are consistent with a prudent degree of risk.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Introduction to Borrowing Plan

Legislative context of Borrowing Plan

Pursuant to section 52 of the Public Finance Management Act of 1999 and clause 29.1.3 of the Treasury Regulations, South African Airways SOC Ltd ("SAA" or "the Company") is required to submit a three-year Corporate Plan, which includes a three-year Borrowing Plan, on an annual basis, to the National Treasury. The Borrowing Plan must adhere to the principles stipulated in the Treasury Regulations and in the SAA board-approved Financial Risk Management Policy and Group Risk Framework.

In terms of Regulation 29.1.6, the Borrowing Plan should address the following matters in respect of SAA:

- Terms and conditions on which money is borrowed (On-balance sheet borrowing, page 13, Appendix A: Terms of funding, page 29);
- Proposed domestic borrowing (Forecast borrowing, page 17);
- Short, medium and long-term borrowing (Analysis of existing borrowings, page 13);
- Borrowing in relation to a pre-approved corporate plan (page 17);
- Maturity profile of debt (Analysis of existing borrowings, page 13);
- Confirmation of compliance with existing and proposed loan covenants (Analysis of existing borrowings, page 15);
- Debts guaranteed by the South African government (the "Government" or the "Shareholder") (Breakdown of existing guarantees, page 14);
- Motivations for Government guarantees (Financial position, page 8);
- Executive Authority's approval of borrowing programme, if required by the legislation in terms of which the public entity was established (Forecast borrowing, page 24).

Purpose and content of Borrowing Plan

This document sets out SAA's Borrowing Plan for the three-year financial period starting 1 April 2015 (i.e. the FY16 to FY18). To ensure that the requirements of Regulation 29.1.6 are addressed to the greatest extent possible, the Borrowing Plan:

- Summarises SAA's recent financial performance and present financial position to establish the context in which the Borrowing Plan must be understood;
- Details SAA's existing borrowings, including salient terms, maturities, covenant compliance or / non-compliance, Government guarantees and motivations (where applicable);
- Summarised SAA's Corporate Plan briefly; and
- Describes as best as possible SAA's forecast borrowing activities over the Corporate Plan period of FY16 - FY18, including the link between it and the Corporate Plan, bearing in mind that debt market conditions and SAA's own financial requirements are likely to fluctuate, which necessitate flexibility.

Strategic funding objectives

SAA's strategic funding objectives going forward are:

- Optimisation of the Group's capital structure;
- Reduce SAA reliance on Government guarantees;
- Diversify funding sources;
- To minimise re-pricing risk;
- To minimise the finance charge impact on the income statement;
- Manage foreign currency exposures; and
- Improve the Group's liquidity position.

SAA's major borrowing activity and Capitalisation requirements, over the three years of this plan, will support:

- In the main the implementation of the 90 day plan and the review of the LTTS;
- To align the Fleet Plan with the newly approved Network Plan;
- Working capital requirements to meet cyclical downturns in trading conditions in the aviation market; and
- Potential funding of product development, particularly enhancement to on-board product including the implementation of a premium economy product to provide greater revenue and yield growth and return on capital invested in the fleet has not been included in this Plan as it will be funded specifically through possible asset backed funding.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Financial performance

Recent historical performance & Corporate Plan forecasts

The following table reflects the historical and forecast income statements for SAA:

Income statement - SAA Group 12 months to 31 March R 'million	FY13A	FY14A	FY15F	SAA Group Draft Budget FY16B	 FY17P	 FY18P
Revenue	27,098.0	30,266.0	30,153.7	32,204.7	34,442.3	37,383.5
Operating costs	(25,522.0)	(28,187.0)	(28,450.0)	(29,337.2)	(31,129.0)	(33,674.5)
EBITDAR	**1,576.0**	**2,079.0**	**1,703.7**	**2,867.5**	**3,313.3**	**3,708.9**
Aircraft lease cost	(2,097.0)	(2,548.0)	(2,839.6)	(2,835.1)	(2,835.2)	(2,906.6)
EBITDA	**(521.0)**	**(469.0)**	**(1,135.9)**	**32.4**	**478.1**	**802.4**
Impairment of assets	(1.0)	(1,330.0)	(2,054.5)	(0.1)	-	-
Depreciation and amortization	(565.0)	(603.0)	(686.8)	(565.2)	(603.5)	(663.5)
EBIT	**(1,087.0)**	**(2,402.0)**	**(3,877.1)**	**(532.9)**	**(125.4)**	**138.9**
Hedging and foreign exchange gains/losses	96.0	95.0	(4.8)	-	-	-
Finance costs	(267.0)	(318.0)	(594.8)	(834.5)	(986.1)	(1,101.3)
NPBT	**(1,258.0)**	**(2,625.0)**	**(4,476.7)**	**(1,367.4)**	**(1,111.5)**	**(962.4)**
Taxation	2.0	(16.0)	(9.5)	(9.8)	(14.5)	(16.2)
NPAT	**(1,256.0)**	**(2,641.0)**	**(4,486.2)**	**(1,377.2)**	**(1,126.0)**	**(978.6)**

Source: Annual financial statements (FY13 - FY14), management forecasts (FY15) and budget (FY16 – FY18)
Note 1: Impairments for FY15 include impairments on the delivered A320's, A340 owned fleet and SAAT stock.
Note 2: Hedging and currency movements not budgeted for

SAA suffered operating losses in recent years mainly as a result of adverse macro-economic factors, including a high jet fuel price and the continued depreciation of the Rand against the US dollar, as well as operating factors, including impairment charges to inventory and aircraft, and increased competition on domestic and regional African routes. The outbreak of the Ebola virus contributed to the deterioration in financial performance in FY15, as air travel in Africa was disrupted severely.

SAA's Corporate Plan contains various initiatives which aim to restore SAA's profitability, including network optimisation (the closure of selected international routes and the opening of new international routes), the restructuring of the certain Airbus A320 orders, the extension of selected Airbus A340 wide-body leases, and optimisation of aircraft configurations and various additional cost compression initiatives. These initiatives are reflected in the 90 Day Action Plan as well as in the revised Long-term Turnaround Strategy. In addition, SAA intends to implement the following initiatives as part of the Corporate Plan:

- To realign the Fleet Plan with the new Network Plan.
- Product development, particularly enhancement to on-board product including the implementation of a premium economy product to provide greater revenue and yield growth and return on capital invested in the fleet; and
- Working capital requirements to meet cyclical downturns in trading conditions in the aviation market.

I.P

Financial position & Cash generation

Recent historical performance & Corporate Plan forecasts

The table below reflect SAA's historical and forecast balance sheet and total borrowings:

Balance sheet - SAA Group 12 months as at 31 March R 'million	2013A	2014A	2015F	SAA Group Draft Budget 2016B	 2017P	 FY18P
Cash	(1,100.0)	(79.0)	(131.7)	899.0	1,001.2	1,185.8
Other current assets	5,575.0	7,376.0	7,306.0	7,869.0	8,515.8	9,232.6
Current assets	**4,475.0**	**7,297.0**	**7,174.3**	**8,768.0**	**9,517.0**	**10,418.3**
Non-current assets	8,145.0	6,864.0	4,897.8	4,933.6	5,130.7	5,367.2
Non-current assets	**8,145.0**	**6,864.0**	**4,897.8**	**4,933.6**	**5,130.7**	**5,367.2**
Total assets	**12,620.0**	**14,161.0**	**12,072.1**	**13,701.6**	**14,647.6**	**15,785.5**
Liabilities	13,469.0	17,687.0	20,087.4	23,093.6	25,165.7	27,282.2
Total liabilities	**13,469.0**	**17,687.0**	**20,087.4**	**23,093.6**	**25,165.7**	**27,282.2**
Share capital & reserves	(2,149.0)	(4,826.0)	(9,315.3)	(10,692.1)	(11,818.1)	(12,796.7)
Subordinated loan	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
Equity	**(849.0)**	**(3,526.0)**	**(8,015.3)**	**(9,392.1)**	**(10,518.1)**	**(11,496.7)**
Total funding	**12,620.0**	**14,161.0**	**12,072.1**	**13,701.6**	**14,647.6**	**15,785.5**
Borrowings						
Current	403.0	3,721.0	8,434.0	11,749.6	13,648.6	15,349.7
Subordinated loan	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0	1,300.0
Net overdraft	1,100.0	79.0	131.7	(899.0)	(1,001.2)	(1,185.8)
Actual overdraft	1,665.0	735.0	1,010.7	(199.0)	(301.2)	(485.8)
Restricted cash	(565.0)	(656.0)	(879.0)	(700.0)	(700.0)	(700.0)
Non-current	1,020.0	649.0	172.9	100.0	-	-
Total borrowings	**4,388.0**	**6,405.0**	**10,917.6**	**12,950.6**	**14,647.4**	**16,164.0**

Source: Annual financial statements (FY13 - FY14), management forecasts (FY15) and budget (FY16 – FY18)

As a result of material losses in FY13, FY14 and FY15F, SAA's equity position has deteriorated significantly over the last three financial years. Over this period SAA has been technically insolvent, given its negative equity position. SAA has borrowed on the strength of a number of Shareholder guarantees to meet its capital requirements over this period, as shown in the table above by the increase in borrowings between March 2013 and March 2015.

SAA has been reliant on Shareholder support for its working capital requirements whilst in technical insolvency from FY13 to FY15F. Based on the forecasts above, the Company will continue to trade in technical insolvency to beyond the period FY16 to FY18 despite the possibility of achieving a profitable position at the end of said period, and therefore it will continue to rely on on-going "solvency" Shareholder support, be it in the form of guarantees or otherwise. In the absence of Shareholder support, it is highly unlikely that a company with a negative equity position, loss making operations and negative operating cash flows will be able to raise funds in the money and capital debt markets.

SAA's historical and forecast statements of cash flows are shown in the table below:

Cash Flow statement - SAA 12 months to 31 March R 'million	FY13A	FY14A	FY15F	SAA Group Draft Budget FY16B	 FY17P	 FY18P
Operating cash flows	5.0	(1,927.0)	(2,157.9)	(777.9)	89.3	484.8
Investing cash flows	(807.0)	(292.0)	(674.0)	(600.0)	(800.0)	(900.0)
Financing cash flows	(296.0)	3,279.0	2,779.2	2,408.6	812.9	599.8
Total cash flows	**(1,098.0)**	**1,060.0**	**(52.7)**	**1,030.7**	**102.2**	**184.6**
Cash - beginning of the year	(33.0)	(1,100.0)	(79.0)	(131.7)	899.0	1,001.2
Foreign exchange effects	31.0	(39.0)				
Cash - end of the year	**(1,100.0)**	**(79.0)**	**(131.7)**	**899.0**	**1,001.2**	**1,185.8**

Source: Annual financial statements (FY13 - FY14), management forecasts (FY15) and budget (FY16 – FY18)

SAA's operating cash flow has weakened significantly during the FY13 to FY15 period, driven by deteriorating financial performance and, to a lesser extent, a reduction in the funding received from SAA's negative net working capital position. To fund the negative operating cash flows and investing cash flows, SAA has had to increase net debt by R4.2 billion in FY14 and R2.4 billion in FY15 respectively (refer to total balance sheet liabilities on previous page). This trend of borrowing is not sustainable for SAA in the longer run.

As will be evident from SAA's funding plan detailed later in this document, SAA's goal is to not only ensure it has sufficient funding to cover its operating requirements, but also that a sufficient buffer exists to absorb sudden shocks and to avoid unexpected requests to its Shareholder for urgent assistance.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Analysis of existing borrowings

Potential Sources of debt funding available

The following sources of debt are available to SAA in principle. We note for clarification that SAA's Treasury Risk Management Policy does not prescribe the use of specific debt instruments:

- Equity investment by shareholder;
- Potential Strategic Equity Partnerships (SEP's);
- Issuing of bonds, commercial paper and loans out of the Domestic Medium Term Note ("DMTN") programme. This will be done by way of private placement. The issuance rather than the programme will be guaranteed;
- Long term debt from Foreign Financial institutions;
- Establish a funding vehicle for the aircraft in the local market to enable ZAR funding, via Special Purpose Vehicle ("SPV");
- Obtain Export Credit Agency ("ECA") support, to reduce funding costs where possible;
- Obtain funding from SOC's. Engage with SOC's that are mandated to finance the Aviation Sector;
- Obtain funding from other asset- and fund managers;
- Raise working capital through the sale and leaseback of engines, owned aircraft and/or SAA owned buildings; and
- Arrange additional credit facilities, in line with appropriate risk management principles, to meet on-going operational capital requirements.

Source of debt funding	Assessment of practicability
Equity injection	Shareholder has indicated that this alternative is currently not a possibility.
SEP's	Potential interested parties identified and a matter to be dealt with by the Shareholder. Not considered within this Plan.
DMTN	The DMTN programme is not guaranteed by the Shareholder. It will be implemented by way of private placements and will be guaranteed by the Shareholder. The current availability under the DMTN is R2.0 billion. It presents a realistic source of debt funding for SAA which, at present, is available to SAA, but has not been considered in the FY 2015/16 as yet until the issue with Comair regarding the Government guarantee to SAA has been dealt with.
Foreign finance institutions	Foreign financial institutions have already indicated some appetite and SAA may be able to attract long-term foreign funding at attractive rates. The risk attached to foreign funding is that it will increase SAA's currency exposure.
Asset finance	Aircraft purchases are typically funded by way of asset backed finance, whether operational leases (the norm) or financing leases. Asset finance, whether on or off-balance sheet, presents a realistic source of funding for SAA. Establishing a ZAR SPV (Special Purpose Vehicle) will eliminate the currency risk exposure on operating leases.

I.P

ECA support	SAA may be able to benefit from lower funding costs on asset-financed aircraft purchases if such funding is supported by ECA guarantees which supports an aircraft manufacturer. The problem, however, is that the ECA's have, in the past, indicated a requirement for shareholder guarantees.
SOC funding	The DBSA, the IDC or the PIC may not lend funds to SAA due to their respective mandates not permitting such lending, or their insistence on specific government guarantees. Latest indications are that the PIC would consider assistance based on a shareholder guarantee but their indicative rates are extremely expensive.
Sale and leasebacks	This option has already been contemplated but could not be considered due to the fact that banks, for their current unsecured facilities with SAA (R1.3 billion), place reliance on these unencumbered assets. The risk therefore is that they could call on these loan facilities.
Other asset- and fund - managers	This option is currently being pursued and all indications are that there is a reasonable likelihood of success in future..
Additional credit facilities	General short-term banking facility agreements (364 day facilities) totalling R1.3 billion are in place with major South African banks, notwithstanding the fact that SAA does not have a credit rating. These facilities are unsecured, uncommitted facilities and can be withdrawn at any time. However, the lenders still rely on SAA's unencumbered assets as "security". Given SAA's poor balance sheet and financial performance any increase in such facilities is not expected. Latest indications are that, as a result of SAA's current financial position and new loans being backed by government guarantees, their preferences are to reduce these facilities.

The DMTN programme is likely to be a very practicable and cost-effective source of debt funding over the FY17 to FY18 period, and thus one of the preferred funding avenues. This preference must be caveated (subject to provisos or conditions) by the commercial imperative of flexibility. Debt market conditions are intrinsically variable, and SAA should retain the flexibility to determine its funding sources at the time of raising the funding.

On-balance sheet funding

SAA employs debt funding for general working capital purposes (e.g. funding of general operational and capital expenditure). In addition, the Company funds a portion of its aircraft fleet with debt (i.e. aircraft loan finance). Where aircraft are being funded by way of finance leases, the notional borrowings associated with such leases are recorded on SAA's balance sheet.

The table below provides a breakdown of total facilities available, including finance leases and SAA's R1.3 billion subordinated government guaranteed loan by maturity and source of funding (domestic versus foreign).

Maturity analysis - SAA on-balance sheet debt

12 months to 31 March

R 'million	FY16B	FY17P	FY18P	FY19P	FY20P	> FY20P	Total	Reference
Short term borrowings (maturity < 12 months)								
Domestic	5,458.6	-	-	-	-	-	5,458.6	Note 1, 2
Foreign	322.2	-	-	-	-	-	322.2	Note 1, 2
Total	**5,780.8**	**-**	**-**	**-**	**-**	**-**	**5,780.8**	
Medium term borrowings (12 months < maturity < 36 months)								
Domestic	-	336.8	-	-	-	-	336.8	Note 3
Foreign	-	-	-	-	-	-	-	
Total	**-**	**336.8**	**-**	**-**	**-**	**-**	**336.8**	
Long term borrowings (maturity > 36 months)								
Domestic	-	-	-	-	3,500.0	1,300.0	4,800.0	Note 4, 5
Foreign	-	-	-	-	-	-	-	
Total	**-**	**-**	**-**	**-**	**3,500.0**	**1,300.0**	**4,800.0**	
Total funding	**5,780.8**	**336.8**	**-**	**-**	**3,500.0**	**1,300.0**	**10,917.7**	

SAA's current borrowings comprise primarily of domestic debt with two maturity clusters around FY16 and FY20. The R1.3 billion loan which is shown in the table above to mature beyond FY20 is a government-guaranteed perpetual loan from Nedbank, which has been classified as equity in SAA's balance sheet. The table below provides brief descriptions.

Reference	Description
Note 1	• Various 364-day facilities with Absa, Citi Bank, FNB, Investec, Nedbank and Standard Bank, as well as short term bridging facilities with Standard Chartered Bank and Investec.
Note 2	• Domestic borrowings comprise of two R1.5 billion term loans from Citi Bank and Standard Bank and three aircraft loans from RMB (Total: R41 million); and 3 aircraft financed by Barclays in USD.
Note 3	• Domestic loans comprise of five aircraft loans from Standard Bank and Investec (Aggregate: R337 million).
Note 4	• Five year term loans of R1.7 billion and R1.8 billion with Absa and Nedbank respectively.
Note 5	• A subordinated government guaranteed perpetual loan of R1.3 billion with Nedbank.

The table below lists all debt instruments, including key financial terms, on issue as at 31 March 2015:

COMMISSION OF INQUIRY INTO STATE CAPTURE

South African Airways

Borrowing Plan

April 2015

Maturity date	Lender	Domestic / foreign	Facility	Quantum (R Million)	Rate	Weighted Avg Rate	Amortisation	Government gauranteed	Reference
Short term borrowings (maturity < 12 months)									
< 12 months	ABSA	Domestic	364-day facility GSTBF	130	6.90%		Bullet	No	Note 1
< 12 months	Investec	Domestic	364-day facility GSTBF	175	7.26%		Bullet	No	Note 1
< 12 months	Nedbank	Domestic	364-day facility GSTBF	200	6.90%		Bullet	No	Note 1
< 12 months	Citi Bank	Domestic	364-day facility GSTBF	350	6.90%		Bullet	No	Note 1
< 12 months	Standard Bank	Domestic	364-day facility GSTBF	121	7.25%		Bullet	No	Note 1
< 12 months	FNB	Domestic	364-day facility GSTBF	300	6.90%		Bullet	No	Note 1
< 12 months	Stanchart	Domestic	ST Bridge	580	12.50%		Bullet	No	Note 1
< 12 months	Investec	Domestic	ST Bridge	500	8.00%		Bullet	No	Note 1
21 Jul 2015	Citi bank	Domestic	Term loan	1,500	6.70%		Bullet	Yes	Note 2
21 Jul 2015	Standard Bank	Domestic	Term loan	1,500	6.75%		Bullet	Yes	Note 2
28 Jan 2016	RMB	Domestic	Aircraft loan	13	8.18%		Amortising	Yes	Note 2
28 Jan 2016	RMB	Domestic	Aircraft loan	14	8.73%		Amortising	Yes	Note 2
28 Jan 2016	RMB	Domestic	Aircraft loan	14	8.73%	7.42%	Amortising	Yes	Note 2
28 Jan 2016	Barclays	Foreign	Aircraft loan	94	4.33%		Amortising	Yes	Note 2
28 Jan 2016	Barclays	Foreign	Aircraft loan	114	4.17%		Amortising	Yes	Note 2
28 Jan 2016	Barclays	Foreign	Aircraft loan	114	4.25%		Amortising	Yes	Note 2
Total short term facilities				**5,720**		4.25%			
Medium term borrowings (12 months < maturity < 36 months)									
28 Feb 2017	Investec Bank	Domestic	Aircraft loan	111	7.50%		Amortising	No	Note 3
06 Mar 2017	Investec Bank	Domestic	Aircraft loan	17	8.50%		Amortising	No	Note 3
06 Mar 2017	Standard Bank	Domestic	Aircraft loan	95	7.58%		Amortising	No	Note 3
20 Mar 2017	Investec Bank Ltd	Domestic	Aircraft loan	17	8.50%		Amortising	No	Note 3
20 Mar 2017	Standard Bank	Domestic	Aircraft loan	98	7.58%		Amortising	No	Note 3
Total medium term borrowings				**337**		7.65%			
Long term borrowings (maturity > 36 months)									
12 Dec 2019	Nedbank	Domestic	Term loan	1,800	7.75%		Bullet	Yes	Note 4
23 Dec 2019	ABSA	Domestic	Term loan	1,700	7.60%		Bullet	Yes	Note 4
Total long term borrowings (excl. perpetual debt)				**3,500**		7.68%			
Perpetual	Nedbank	Domestic	Perpetual debt	1,300	7.60%		Bullet	Yes	Note 5
Total perpetual debt				**1,300**					
Total - 364 day GSTBF				2,356					
Total - term loans				6,500					
Total - aircraft loans				700					
Total - perpetual debt				1,300					
Interest accruals included in balance sheet				61					
Total on-balance sheet debt funding				**10,918**		*Agrees to total borrowings			

Other salient terms of the various debt instruments are contained in an Appendix to the Borrowing Plan.

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Off-balance sheet funding

SAA's off-balance sheet funding takes the form of operating leases on aircraft. Fifty-five aircraft, which account for the bulk of SAA's fleet, are financed by way of operating leases off SAA's balance sheet. The additional A330 aircraft will also be subject to operating leases.

The table below summarises SAA's off-balance sheet funding arrangements, inclusive of the A330 order:

Summary of SAA's off-balance sheet funding obligations 31 March 2015, (R 'million) Aircraft	Average monthly lease payment	Number of aircraft	Present value of total future lease payments	FY16	FY17	FY18	FY19	FY20	> FY20
B737 800s	58.7	19.0	850.5	601.8	227.4	21.3	-	-	-
A320-200s	48.6	12.0	4,755.5	426.7	441.8	444.8	369.5	382.6	2,690.2
A319-100s	17.3	8.0	305.1	177.3	115.7	12.2	-	-	-
A340-300s	23.8	5.0	254.8	243.6	11.1	-	-	-	-
A340-600s	37.7	5.0	596.2	266.2	165.7	164.3	-	-	-
A330-200s	54.1	6.0	3,612.0	524.1	542.7	561.9	581.8	602.5	799.0
A330 - new order - 5 new planes	52.6	5.0	6,955.5	-	132.1	385.2	398.8	413.0	5,626.5
Total off balance sheet funding	**292.8**	**60.0**	**17,329.7**	**2,239.7**	**1,636.5**	**1,589.6**	**1,350.2**	**1,398.0**	**9,115.7**

The present value of all the operating lease obligations was calculated using the implicit lease rates relevant to each lease where available. Where not available, averages of available rates were used.

Shareholder guarantees

The following table sets out Shareholder guarantees in respect of SAA's on and off-balance sheet debt obligations:

Shareholder support to SAA 12 months to 31 March R 'million	Original amount	Utlisation Feb 2015	% Undrawn Feb 2015	Mar 16	Mar 17	Mar 18
Guarantees						
Perpetual Subordinated Loan	1,300.0	1,300.0	0%	1,300.0	1,300.0	1,300.0
Going Concern Guarantee 1	1,600.0	1,600.0	0%	1,600.0	1,600.0	1,600.0
Going Concern Guarantee 2	5,006.0	4,995.0	0%	5,006.0	5,006.0	5,006.0
Going Concern Guarantee 3	6,488.0	450.0	93%	6,488.0	6,488.0	6,488.0
Total	**14,394.0**	**8,345.0**	**42%**	**14,394.0**	**14,394.0**	**14,394.0**
Letters of support						
Airbus Financial Services	1,035.4	1,035.4	0%	-	-	-
Airbus Financial Services	1,046.4	1,046.4	0%	21.9	-	-
Airbus Financial Services	1,047.0	1,047.0	0%	21.9	-	-
Total	**3,128.9**	**3,128.9**	**0%**	**43.8**	**-**	**-**
Total Shareholder support	**17,522.9**	**11,473.9**	**35%**	**14,437.8**	**14,394.0**	**14,394.0**

The abovementioned letters of support is included as an appendix to this document.

Funding covenants

As noted previously, SAA is technically insolvent, and has relied on government support, in the form of debt guarantees, to raise the necessary capital to fund its operations during the three most recent financial years. Given its technical insolvency, traditional lending covenants (e.g. leverage ratios, gearing ratios and debt service cover ratios) are not meaningful in respect of SAA. Lenders have lent to SAA in the recent past on the strength of the Shareholder guarantees and not on the strength of SAA's own balance sheet or its ability to generate cash to service debt. The only covenants applicable to SAA are set out in the table below. These are "commercial" covenants rather than traditional financial covenants.

Debt covenants - SAA

12 months to 31 March	Requirements	FY16F	FY17P	FY18P
Government shareholding	At least 50% plus one share	100%	100%	100%
Cross default clauses - thresholds	R100m	c. R100m	c. R100m	c. R100m
OFAC clause [1]	Included	Included	Included	Included
Insolvency and business rescue thresholds [2]	R50m	R50m	R50m	R50m

Note 1: R100 Million and $10 Million equivalent with certain banks.

Note 2: OFAC is the Office of Foreign Assets Control of the Government of the United States of America. It monitors transactions with US sanctioned countries, entities or persons. It would constitute an event of default if SAA were to do business with any listed country, entity or person.

Note 3: The "Insolvency and business rescue" clause is triggered when any asset or business or subsidiary of SAA in value in excess of R50 million becomes the subject of business rescue or a debt restructure or similar debt-driven re-organisation.

Summary of SAA's current debt obligations

The table below sets out SAA's total debt position, including its off-balance sheet debt:

SAA Total debt outstanding R 'million	Mar 15
On-balance sheet	
Short term debt	5,780.8
Medium term debt	336.8
Long term debt	4,800.0
On-balance sheet - total	**10,917.7**
Off-balance sheet	
Operating leases	17,329.7
Off-balance sheet - total	**17,329.7**
Total funding	**28,247.4**

The table below provides a maturity analysis of SAA's existing debt obligations as at March 2015. It comprises of both on and off-balance sheet debt.

Maturity analysis - SAA total debt
12 months to 31 March

R 'million	FY16F	FY17P	FY18P	FY19P	FY20P	> FY20P	Total
Short term borrowings (maturity < 12 months)							
Domestic							
On balance sheet	5,458.6	-	-	-	-	-	5,458.6
Foreign							
On balance sheet	322.2	-	-	-	-	-	322.2
Off balance sheet	2,239.7	-	-	-	-	-	2,239.7
Total	**8,020.6**	**-**	**-**	**-**	**-**	**-**	**8,020.6**
Medium term borrowings (12 months < maturity < 36 months)							
Domestic							
On balance sheet	-	336.8	-	-	-	-	336.8
Foreign							
Off balance sheet	-	1,636.5	-	-	-	-	1,636.5
Total	**-**	**1,973.4**	**-**	**-**	**-**	**-**	**1,973.4**
Long term borrowings (maturity > 36 months)							
Domestic							
On balance sheet	-	-	-	-	3,500.0	1,300.0	4,800.0
Foreign							
Off balance sheet	-	-	1,589.6	1,350.2	1,398.0	9,115.7	13,453.4
Total	**-**	**-**	**1,589.6**	**1,350.2**	**4,898.0**	**10,415.7**	**18,253.4**
Total funding	**8,020.6**	**1,973.4**	**1,589.6**	**1,350.2**	**4,898.0**	**10,415.7**	**28,247.4**
On balance sheet	5,780.8	336.8	-	-	3,500.0	1,300.0	10,917.7
Off balance sheet	2,239.7	1,636.5	1,589.6	1,350.2	1,398.0	9,115.7	17,329.7

COMMISSION OF INQUIRY INTO STATE CAPTURE

Forecast borrowing requirements

Current Funding Strategy

Historically, over the past three years, the funding strategy of SAA was essentially to obtain, on an on-going basis, one year rolling guaranteed funding in anticipation of possible equity injections and planning towards an industry debt/equity ratio norm of 0.8:1 in the LTTS.

Lenders have lent to SAA in the past years on the strength of the Shareholder guarantees and not on the strength of SAA's own balance sheet or its ability to generate cash to service debt.

New Funding Strategy

In view of the stated Shareholder intension not to provide equity finance to SAA and that SAA would continue to source loan financing, its funding strategy going forward needed to be reviewed. The main features of the new funding strategy going forward are as follows:

- Always attempt to secure unsecured funding prior to reverting guaranteed funding;
- To consider longer funding terms to reduce re-pricing risk as no equity will be forthcoming;
- Consolidation of debt where possible through longer term debt finance from various financial institutions;
- Investigating the capital market funding on the back of the government guarantee, i.e. the issuing of bonds, commercial paper and loans out of the Domestic Medium Term Note (DMTN) programme – the risk around the guarantee first needs to be addressed. This will be done by way of private placements. The issuance rather than the programme will be guaranteed;
- Establishing a local funding vehicle or SPV through which aircraft could be acquired for the Group to eliminate future exchange rate risk;
- Engage with various institutions and SOC's that are mandated to fund the aviation sector with working capital or project specific finance;
- Ensuring a sufficient cash buffer for extraordinary or unpredictable events which may occur;
- Utilise available cash rather than repatriating from offshore currency (US Dollars) reserves, and to build this offshore balance to create a natural hedge to fund currency expenditure;
- To only consider foreign funding if the cost, inclusive of exchange risk cover is less than available local funding;
- To, where possible, lock in the margin for the abovementioned loans;
- To ensure sufficient short-term funding available to be flexible to respond to when the capital market can be accessed by means of SAA's DMTN programme;
- Design appropriate funding structures (maturities, fixed vs. floating, and where possible, local vs. foreign currency);

- Reducing the cost of debt as much as possible;
- Minimizing the effect of interest rate volatility on SAA's financing expenditure;
- Manage the ratio of floating rate exposures to fixed rate exposures; and
- Obtain optimal investment returns on surplus cash, whilst ensuring that credit risk is managed.

NB: ***Management and Board still consider it an imperative to obtain cash Equity into SAA as the current level of borrowings is not sustainable.***

On-balance sheet funding requirements

SAA's projected on-balance sheet funding requirements are driven by the financial forecasts which form part of its three-year Corporate Plan, which were set out earlier in this Borrowing Plan. Key points from the financial forecasts relating to projected on-balance sheet borrowings are as follows:

- Reduced net EBIT losses are being forecast for FY16 and FY17 and a modest profit for FY18. At the EBITDA level earnings are positive and increasing throughout the FY16 to FY18 period (growing from R32 million to R802 million);
- Equity is however being forecast to reduce by a further R4.76 billion mostly due to excessive funding costs and possible additional impairments;

The table below sets out the projected operating cash requirements of SAA over the FY16 to FY18 period, assuming SAA achieves its Corporate Plan financial objectives (the operating requirement excludes the current cash balance and the anticipated buffer – these elements are reflected on page 19):

Operating cash requirement - SAA 12 months to 31 March R 'million	SAA Draft Budget FY16B	 FY17P	 FY18P
EBITDA	32.4	478.1	802.4
Finance costs (incl. pref share dividends)	(834.1)	(986.1)	(1,101.3)
NWC investment	(800.3)	(374.3)	(301.4)
Cash tax	(10.0)	(14.5)	(16.2)
Maintenance / expansion capex	(600.0)	(800.0)	(900.0)
Cash requirement	**(2,212.0)**	**(1,696.8)**	**(1,516.5)**

Funding is likely to be sought from a combination of the refinancing of existing facilities and new rand debt funding obtained from domestic and / or foreign lenders.

Nevertheless, SAA expects to only utilise its existing but unutilised R2.0 billion DMTN programme and banking facilities to fund its cash requirements in FY16/17, depending on the outcome of the Comair litigation potentially impeding the credibility of the guarantee. In FY18 the net funding requirement is lower as a result of improved operational cash generation, the restructured A320 lease arrangements and the extension of certain Airbus A340 aircraft leases.

Net Funding Requirement including Sensitivity Buffer

SAA's earnings potential is significantly exposed to increased competition, fluctuations in both the price of Brent oil price as well as the ZAR/USD exchange rate. Approximately 60% of SAA's expenses are incurred in USD whereas only approximately 40% of its revenue is denominated in USD.

The following table illustrates the sensitivity of SAA's budget EBITDA to movements in both the ZAR/USD exchange rate and the Brent oil price:

		Movement in ZAR/USD								
		7.05	**8.23**	**9.4**	**10.58**	**11.75**	**12.93**	**14.1**	**15.28**	**16.45**
Movement in Brent price	**48**	4,838	4,569	4,299	4,030	**3,761**	3,491	3,222	2,953	2,684
	56	4,279	3,917	3,554	3,192	**2,829**	2,467	2,104	1,742	1,379
	64	3,720	3,264	2,809	2,353	**1,897**	1,442	986	531	75
	72	3,161	2,612	2,063	1,515	**966**	417	(132)	(681)	(1,229)
	80	**2,602**	**1,960**	**1,318**	**676**	**32**	**(608)**	**(1,250)**	**(1,892)**	**(2,534)**
	88	2,043	1,308	573	(162)	**(897)**	(1,633)	(2,368)	(3,103)	(3,838)
	96	1,484	656	(173)	(1,001)	**(1,829)**	(2,657)	(3,486)	(4,314)	(5,142)
	104	925	4	(918)	(1,839)	**(2,761)**	(3,682)	(4,604)	(5,525)	(6,447)
	112	366	(649)	(1,663)	(2,678)	**(3,692)**	(4,707)	(5,722)	(6,736)	(7,751)

It is prudent for SAA to include a sensitivity buffer in its calculated funding requirement. This will not only allow SAA to absorb any unexpected cash flow requirements caused by any or a combination of the risks SAA is exposed to such as commodity risk, market risk, commercial risk, etc. (For more detail of the risks SAA is exposed to, refer to the Financial Risk Management section of this document).

SAA's gross funding requirement is reflected in the table below. It reflects SAA's operating cash flow requirements, adjusted for the cash balances and anticipated sensitivity requirements:

The sensitivities included above are also based on the anticipated available funding lines, which reflect a head room to absorb an exchange rate of approximately R12.50/USD and a Brent oil price of marginally above $80 per barrel. This is assumed to cover the full projected Corporate Plan period (FY16 – FY18).

Gross funding requirement **R'million**	**FY16B**	**FY17P**	**FY18P**
Cash Brought Forward	(131.7)	899.0	1,001.2
EBITDA per income statement	32.4	478.1	802.4
NW capital	(800.3)	(374.3)	(301.4)
Capital Expenditure	(600.0)	(800.0)	(900.0)
Interest	(834.1)	(986.1)	(1,101.3)
Taxation	(10.0)	(14.5)	(16.2)
Sensitivity Buffer	(1,076.3)	(202.2)	(184.6)
Funding Requirement	**(3,420.0)**	**(1,000.0)**	**(700.0)**

Different scenarios are of course possible, however the table below serves as an illustration of the impact changes the ZAR/USD exchange rate and the Brent oil price could have over the Corporate Plan period. The best case reflects a 10% improvement in both the Brent oil price and the ZAR/USD, whereas the worst case reflects a 10% weakening or deterioration in both these indicators.

Gross funding requirement R'million	FY16 Budget	FY16 Best case	FY16 Worst case	FY17 Budget	FY17 Best case	FY17 Worst case	FY18 Budget	FY18 Best case	FY18 Worst case
Cash Brought Forward	(131.7)	(131.7)	(131.7)	899.0	899.0	899.0	1,001.2	1,001.2	1,001.2
EBITDA per income statement	32.4	1,514.6	(1,632.6)	478.1	1,960.3	(1,187.0)	802.4	2,284.6	(862.7)
NW capital	(800.3)	(800.3)	(800.3)	(374.3)	(374.3)	(374.3)	(301.4)	(301.4)	(301.4)
Capital Expenditure	(600.0)	(600.0)	(600.0)	(800.0)	(800.0)	(800.0)	(900.0)	(900.0)	(900.0)
Interest	(834.1)	(834.1)	(834.1)	(986.1)	(986.1)	(986.1)	(1,101.3)	(1,101.3)	(1,101.3)
Taxation	(10.0)	(10.0)	(10.0)	(14.5)	(14.5)	(14.5)	(16.2)	(16.2)	(16.2)
Sensitivity Buffer	(1,076.3)		(1,000.0)	(202.2)		(1,000.0)	(184.6)	-	(1,000.0)
Funding Requirement	**(3,420.0)**	**(861.5)**	**(5,008.7)**	**(1,000.0)**	**684.4**	**(3,462.8)**	**(700.0)**	**966.8**	**(3,180.4)**

COMMISSION OF INQUIRY INTO STATE CAPTURE

SAA's funding plan for the Corporate Plan period

The table below reflects SAA's expected funding plan over the Corporate Plan period (FY16 – FY18):

Funding Plan - SAA Group 3 years ending ending 31 March 2018 R 'million	2015A	2016B		2016B								Total	2017P	2018P	Reference
	Total	Change	Rate	Apr	May	Jun	Jul	Aug	Sep	3rd Qtr	4th Qtr				
Borrowings															
Call with banks - unsecured															
ABSA	130.0	-	6.90%									130.0			Note 1
Investec	175.0	-	7.26%									175.0			Note 1
Nedbank	200.0	-	6.90%									200.0			Note 1
Citi Bank	350.0	-	6.90%									350.0			Note 1
Standard Bank	121.0	-	7.25%									121.0			Note 1
FNB	300.0	-	6.90%									300.0			Note 1
Bridging loans															
Stanchart	580.0	(580.0)	12.50%		(580.0)							-			
Investec	500.0	(500.0)	8.00%	(500.0)								-			
Term loans															
Citi bank	1,500.0	(1,500.0)	6.70%				(1,500.0)					-			
Standard Bank	1,500.0	(1,500.0)	6.75%				(1,500.0)					-			
Nedbank	1,800.0		7.75%									1,800.0			Note 2
ABSA	1,700.0		7.60%									1,700.0			Note 2
RMB		1,500.0	6.35%							1,500.0		1,500.0			Note 4
Investec		1,500.0	8.14%	1,500.0								1,500.0			Note 3
First South Financial Services		4,500.0	7.80%		1,500.0		3,000.0					4,500.0			Note 3, 4
New Term Loans												-	1,000.0	700.0	Note 6
Nedbank	1,300.0	-	7.60%									1,300.0			
	10,156.0	**3,420.0**										**13,576.0**	**1,000.0**	**700.0**	

Excludes aircraft loans

Reference	Description
Note 1	• Call loans are anticipated to remain part of the Funding Plan. Should any surplus arise, these call loans can be temporarily repaid.
Note 2	• These government guarantee loans have been entered into during December 2014 for a five year term.
Note 3	• This loan will fund the immediate liquidity requirement and the repayment of bridge facilities.
Note 4	• These loans will replace the existing one year guaranteed loans at terms ranging between three and seven years, repay further bridge facilities and provide additional liquidity.
Note 5	• New term loan financing for FY17 and FY18 respectively.

Base Case Funding Timeline for Year 1

Note 1: A detailed Gantt chart of the base case funding process is attached as an appendix to this document.

Contingency funding

The "Contingency funding" process will be initiated at the first indication of a further deterioration of the cash position as reflected in the table below. The next projected critical date is 30 April 2015.

April 2015 - May 2015

	Business Inflows ZAR	Business Outflows ZAR	SCMB Inflows	SCMB Outflows	SCMB Movement on Facilities	SCMB Repats ZAR	Available Free ZAR	Net Zar	Available Surplus (Free) FX	Non Available Citibank FX	Non Available FX (Non-Citi)	Total FX	Nett Available Facilities	Total Available FX & Zar	Comments
15-Apr-15	287,239	-	22,295,277	(25,016,021)			(150,880,982)	(150,880,982)	274,049,731	166,289,905	415,172,261	855,510,376	249,000,000	333,158,148	
16-Apr-15	(6,116,139)	(150,000,000)	397,329,016	(36,978,196)	(70,000,000)		1,699,021	1,699,021	218,271,359	161,080,622	415,172,261	795,524,239	480,000,000	938,324,401	
17-Apr-15	46,000,000	(23,000,000)	-	-	(23,000,000)		2,699,021	2,699,021	336,771,380	161,080,622	415,172,261	913,024,263	460,000,000	779,470,401	
18-Apr-15	-	-	-	-			2,699,021	2,699,021	336,771,380	161,080,622	415,172,261	913,024,263	460,000,000	779,470,401	
19-Apr-15	-	-	-	-			2,699,021	2,699,021	336,771,380	161,080,622	415,172,261	913,024,263	460,000,000	779,470,401	
20-Apr-15	47,000,000	(253,119,822)	-	-	210,000,000		4,570,199	4,570,199	261,847,336	161,080,622	415,172,261	838,070,219	230,000,000	496,398,935	
21-Apr-15	57,000,000	(62,255,818)	-	-	(45,000,000)		4,325,585	4,323,585	367,587,336	161,080,622	415,172,261	943,839,219	275,000,000	648,888,919	
22-Apr-15	47,000,000	(16,000,000)	-	-	(30,000,000)		3,325,585	3,323,585	342,689,613	161,080,622	415,172,261	918,942,496	305,000,000	651,013,197	
23-Apr-15	62,000,000	(39,000,000)	-	-	(25,000,000)		2,325,585	2,323,585	372,538,773	161,080,622	415,172,261	948,791,656	330,000,000	704,862,356	
24-Apr-15	62,000,000	(250,000,000)	-	-	330,000,000		4,325,585	4,323,585	389,182,483	161,080,622	415,172,261	965,435,366	-	393,506,067	
25-Apr-15	-	-	-	-			4,325,585	4,323,585	389,182,483	161,080,622	415,172,261	965,435,366	-	393,506,067	
26-Apr-15	-	-	-	-			4,325,585	4,323,585	389,182,483	161,080,622	415,172,261	965,435,366	-	393,506,067	
27-Apr-15	-	-	-	-			4,325,585	4,323,585	447,047,050	161,080,622	415,172,261	1,023,299,933	-	451,370,634	
28-Apr-15	67,000,000	(60,000,000)	-	-	(30,000,000)		1,323,585	1,323,585	431,522,457	161,080,622	415,172,261	1,007,775,340	30,000,000	462,848,040	
29-Apr-15	47,000,000	(38,000,000)	-	-	(10,000,000)		323,583	323,583	497,954,338	161,080,622	415,172,261	994,207,239	40,000,000	458,277,939	
30-Apr-15	59,000,000	(700,000,000)	-	-	40,000,000		(568,754,499)	(568,754,499)	432,494,296	161,080,622	415,172,261	1,008,747,179	-	(136,280,059)	
01-May-15	-	-	-	-			(568,754,499)	(568,754,499)	423,892,907	161,080,622	415,172,261	1,000,065,789	-	(144,951,592)	
02-May-15	-	-	-	-			(568,754,499)	(568,754,499)	423,892,907	161,080,622	415,172,261	1,000,065,789	-	(144,951,592)	
03-May-15	-	-	-	-			(568,754,499)	(568,754,499)	423,892,907	161,080,622	415,172,261	1,000,065,789	-	(144,951,592)	
04-May-15	103,000,000	(59,185,298)	-	-			(534,938,797)	(534,938,797)	374,270,657	161,080,622	415,172,261	950,529,539	-	(159,953,140)	
05-May-15	78,000,000	(17,500,000)	-	-			(470,938,797)	(470,938,797)	378,940,357	161,080,622	415,172,261	955,193,240	-	(161,199,440)	
06-May-15	45,000,000	(17,000,000)	-	-			(445,938,797)	(445,938,797)	311,570,702	161,080,622	415,172,261	887,823,585	-	(134,368,695)	
07-May-15	45,000,000	(82,369,391)	-	-			(483,336,391)	(483,336,391)	178,196,796	161,080,622	415,172,261	755,433,679	-	(304,192,594)	
08-May-15	45,000,000	(110,000,000)	-	-			(548,336,391)	(548,336,391)	172,679,825	161,080,622	415,172,261	748,332,708	-	(378,296,566)	
09-May-15	-	-	-	-			(548,336,391)	(548,336,391)	172,679,825	161,080,622	415,172,261	748,332,708	-	(378,296,566)	
10-May-15	-	-	-	-			(548,336,391)	(548,336,391)	172,679,825	161,080,622	415,172,261	748,332,708	-	(378,296,566)	
11-May-15	45,000,000	(55,000,000)	-	-			(558,336,391)	(558,336,391)	133,804,958	161,080,622	415,172,261	710,057,744	-	(424,531,533)	
12-May-15	78,000,000	(37,000,000)	-	-			(517,336,391)	(517,336,391)	153,690,958	161,080,622	415,172,261	729,943,844	-	(463,945,833)	
13-May-15	45,000,000	(57,000,000)	-	-			(529,336,391)	(529,336,391)	163,452,223	161,080,622	415,172,261	739,705,106	-	(425,984,182)	
14-May-15	45,000,000	(32,000,000)	-	-			(576,336,391)	(576,336,391)	169,952,225	161,080,622	415,172,261	746,205,109	-	(388,394,186)	
15-May-15	45,000,000	(59,000,000)	-	-			(561,336,391)	(561,336,391)	166,460,667	161,080,622	415,172,261	742,713,669	-	(414,875,404)	
16-May-15	-	-	-	-			(561,336,391)	(561,336,391)	166,460,667	161,080,622	415,172,261	742,713,669	-	(414,875,404)	
17-May-15	-	-	-	-			(561,336,391)	(561,336,391)	166,460,667	161,080,622	415,172,261	742,713,669	-	(414,875,404)	

In the event that funding cannot be secured as per the Base plan above, the following contingency measures will be implemented:

- Engagements with banks for further unsecured bridge funding of R500 million against the planned R6.0 billion term loans; and
- Failing such, procedures will be implemented for either advanced drawings against the guarantee, or urgently finalise the guarantee loans to facilitate drawings. In both cases, reliance will be placed on the Shareholder for either letters from the Minister to facilitate advanced drawings, or a swift guarantee approval process.

Thereafter the indications are that funds will be available against the guarantees by 30 April 2015.

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Contingency Case Funding Timeline for Year 1

Note 1: A detailed Gantt chart of the contingency funding process is attached as an appendix to this document.

Off-balance sheet funding requirements

Following the potential restructure of the A320 transaction, five A330-300 aircraft will be acquired by way of operating leases.

The market value for an A330 aircraft is currently about US$ 100 million per aircraft. As the entire cost of five A330 aircraft will be financed by way of operating leases, the potential increase in off-balance sheet funding is c. US$ 500 million, or c. R 5.8 billion (assuming a ZAR / USD of 11.75). It is also anticipated that any future fleet acquisition will be by way of operating leases.

The table below reflects the anticipated leased fleet requirement up until FY26:

Leased Fleet	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	FY25	FY26
A319	8	8	8	8	8	8	8	8	8	8	8
A320	12	12	17	18	19	20	21	22	23	24	25
B737-800	8	5	0	0	0	0	0	0	0	0	0
SAA Narrowbodies	**28**	**25**	**25**	**26**	**27**	**28**	**29**	**30**	**31**	**32**	**33**
A330-200	6	6	6	6	6	6	0	0	0	0	0
A330-300	0	3	5	5	5	5	5	5	5	5	5
A340-300	5	5	5	5	5	5	5	0	0	0	0
A340-600	5	5	5	3	3	3	0	0	0	0	0
Widebody: TBD			2	2	2	3	14	23	24	25	26
SAA Widebodies	**16**	**19**	**23**	**21**	**21**	**22**	**24**	**28**	**29**	**30**	**31**

The estimated off-balance sheet impact of additional operating lease per aircraft is:

Estimated off-balance sheet impact per additional leased aircraft Aircraft	Average monthly lease payment	Present value of total future lease payments
A320-200	4.3	502.6
A330-200	11.2	1,314.5
A330-300	10.5	1,235.8

Executive Authority approval

SAA has a section 66 approval and the Board approves the Borrowing Plan and all initiatives in the implementation of the Plan.

COMMISSION OF INQUIRY INTO STATE CAPTURE

T.P

Financial risk management

Introduction and approach

There are several inherent risks in the SAA debt portfolio. The company has over the years employed various measures to mitigate these risks and to minimise the impact of various extraordinary shocks to the debt portfolio, and SAA's business as a whole. SAA will continue to identify and mitigate risks to the implementation of the debt management strategy. Prudent debt management practices will be pursued over the medium-term with a view to satisfying the mandate as outlined in the Borrowing Plan.

SAA is exposed to a number of financial risks, including, but not limited to the following:

- Commercial Risk,
- Market risk;
- Credit risk;
- Commodity price risk (fuel costs);
- Foreign exchange rate risk (the ZAR / USD rate);
- Interest rate risk; and
- Liquidity risk.

The long term viability, continued success and reputation of SAA are critically dependent on the credibility of financial risk management and the commitment in applying best practice in risk management. The following major financial risk management strategies are being utilised by SAA and should be referenced to its overall Risk Management Plan.

SAA is currently in the process of revising its hedging policies. The information presented in this section of the Borrowing Plan is therefore subject to the revised policy.

Optimal hedging strategy is determined by the use of quantitative analysis, informed by market research into currency, commodity and interest rate trends in the context of SAA's cash flow and budget forecasts as well as exposures. Cash management and group liquidity is monitored and reported daily. Rolling cash flow forecasts are produced and used to assess short term funding requirements.

Commercial Risk

Commercial risk management is the process of identifying risk factors and planning effective solutions or preventative measures that help reduce any form of vulnerability in business. This vital part of the business plan allows a company to prepare for the most likely problems, create plans to handle specific crises, and put programs in place to help reduce the chance of loss, theft, or damage due to a breach of normal operations.

SAA's commercial risk is currently affecting the cash flow of the business, and steps are being undertaken by the Commercial Department to mitigate these risks.

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Market Risk

Market risk is the risk of losses in positions arising from movements in market prices. Market risks include Currency Risk which will be covered in the Foreign Exchange Risk, Commodity Risk and Interest Rate Risk, which are all detailed separately.

Market risk reveals the possibility of increasing the debt as a consequence of changes in market conditions that impact the cost of debt, such as changes in the short term interest rates, exchange rates and inflation.

Credit Risk

Counterparty risk is the risk of an economic loss from the failure of a counterparty to fulfil its contractual obligations. Its effect is measured by the cost of replacing cash flows if the other party defaults. Credit risk involves the possibility of non-payment, either on a future obligation or during a transaction.

Counterparty credit risk is managed by vetting the credit ratings of all major counterparties and only transacting, other that in exceptional and unavoidable circumstances, with suitably rated counterparties.

Commodity Fuel Price risk

The threat that a change in the price of a production input will adversely impact a producer who uses that input. Commodity production inputs include raw materials like cotton, corn, wheat, oil, sugar, soybeans, copper, aluminium and steel. Factors that can affect commodity prices include political and regulatory changes, seasonal variations, weather, technology and market conditions. Commodity price risk is often hedged by major consumers.

Unexpected changes in commodity prices can reduce a producer's profit margin, and make budgeting difficult. Fortunately, producers can protect themselves from fluctuations in commodity prices by implementing financial strategies that will guarantee a commodity's price (to minimize uncertainty) or lock in a worst-case-scenario price (to minimize potential losses). Futures and options are two financial instruments commonly used to hedge against commodity price risk.

Fuel price risk management is critical to the success of the business and achievement of the Net Retained Earnings KPI agreed in the Shareholder's Compact, as fuel is approximately 35% of SAA's operating expenditure. To an extent, this risk is managed by the Group's ability to recover fuel price increases through a fuel levy applied to passenger fares and cargo consignment fees (i.e. a natural correlation between revenue and costs). However, in recognition of pragmatic constraints (both market related and regulatory in certain international markets, such as Brazil) to SAA's ability to fully recover fuel price increases, an optimal portion of anticipated fuel uplift is hedged against adverse price movements without sacrificing positive downward price movement benefits.

The Financial Risk Management Policy caters for hedging up to 60% on a 12-month rolling volume, on the Fuel Commodity price risk. As at 27 February 2015, the total hedge percentage is currently at 34% of the forecasted annual uplift. The underlying asset is hedged, with Asian call options, on the Brent Crude price, WTI Nymex, Gas Oil price and Jet Fuel prices. SAA's prefers to use out-of-the-money calls on the relevant commodity. This approach preserves the upside benefit which will arise in the event that fuel pricing falls. Buying out-of-the-money calls is also cheaper than buying at-the-money calls, although the strategy also provides less downside protection. As at 27 February 2015, the Profit and Loss value of SAA's Group Fuel Hedge Book (SAA and Mango's fuel requirements) is negative R 254 million due to lower oil prices and the weakening exchange rate. The mark-to-market effect of the hedge portfolio, is compensated for by the lower price the airline uplift on the physical jet fuel

Foreign Exchange Rate risk

Foreign exchange risk (also known as FX risk, exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the company. Foreign exchange risk also exists when the foreign subsidiary of a firm maintains financial statements in a currency other than the reporting currency of the consolidated entity. The risk is that there may be an adverse movement in the exchange rate of the denomination currency in relation to the base currency before the date when the transaction is completed.

The main objective of the FX risk management policy is to mitigate the potential for financial loss arising through unfavourable movements in exchange rates relative to the budget. SAA FX risk arises from foreign revenue, foreign expenditure commitments, domestic revenues and domestic expenditure commitments.

The Financial Risk Management Policy caters for hedging up to 75% of the 12 month rolling foreign exposures, on the Foreign Exchange Risk exposure. As at 27 February 2015, 33% of an annual exposure was hedged. SAA has particular challenges, as it has a relatively low percentage of its revenue in USD and a relatively high percentage of its costs in USD, such as fuel and aircraft leases. The mark to market profit on the foreign exchange hedge book is positive R76 million as at 27 February 2015.

Interest Rate risk

Interest rate risk is the exposure of an institution to increased financing cost due to the adverse movements in interest rates. The majority of SAA's interest rate risk exposure occurs as a result of the airlines aircraft financing activities and cash holdings, and is therefore situated in the aircraft loans and leases portfolio and investment portfolio of SAA. Currently SAA is not be hedging any Interest rates at this stage.

Interest rate risk refers to the susceptibility of the debt portfolio to higher market interest rates. The impact of this risk may cause interest rates on variable and fixed rate debts that are maturing to be re-priced. The impact of this risk on the Debt portfolio may be controlled through prudence exercised by SAA, through taking into consideration the volatility and direction of rate changes, the slope of the interest rate yield curve and the basis for re-pricing at roll-over dates. Hence the creation of variable or fixed rate instruments would be considered.

Interest rate risk is managed by maintaining maximum exposures of no more than 75% fixed and not more than 50% floating. The current ratio is 60% fixed and 40% floating.

Refinancing Risk in the Debt Portfolio (Roll Over Risk)

Refinancing Risk measures the exposure of the debt portfolio to unusually high interest rates at the point at which debt is being refinanced. In extreme cases, when the risk is too high, debt managers are unable to roll over maturing obligations.

SAA is cognisant of the refinancing risk that is inherent in the current structure of the domestic Debt Portfolio and therefore has pursued the strategy to extend the maturity profile of newly contracted debt.

The following indicators measure the exposure to this risk:

- The redemption profile of the outstanding debt; that is the sequence of principal payments arising from the outstanding Debt Portfolio.
- Proportion of the debt falling within a particular period: e.g. in the next 12 months, 3 years, 5 years, etc.

- Proportion of the debt falling within a particular period adjusted by liquid assets; that is "liquid cushions" in the form of FX Reserves or cash balances that reduce the company's vulnerability to refinancing risk.
- Average time to maturity.

Liquidity Risk

Liquidity Risk is the probability that SAA may not raise adequate financing to satisfy its budgetary requirements. The risk may be due to insufficient liquidity or the investing community deeming the security or guarantee to be unattractive.

The attractiveness of the securities to investors may be negatively affected by the following:

- Return on investment not reflecting the appetite of the investors along the yield curve;
- Uncertainty among investors arising from the socio-political environment; and
- Instability created by geo-political events in the global environment could disrupt the credit market.

However this risk may be mitigated through the building of cash buffers, and using designated reserves.

Interest rate risk is managed by maintaining maximum exposures of no more than 75% fixed and not more than 50% floating. The current ratio is 60% fixed and 40% floating.

COMMISSION OF INQUIRY INTO STATE CAPTURE

T.P

Appendix A: Terms of funding

The table below summarises the salient terms in SAA's loan agreements with the various banks which provide funding to it.

Lender	Agreement	Collateral	Covenants	Government gaurantee	Trigger for "Change of control" clause	"Cross default" clause threshold
ABSA	Term loan facility agreement	None	None	Yes	A reduction in the Shareholder's interest to less than 51%	US$ 10 million
Investec	Credit facility letter	None	None	No	Disposal of the whole or the greater part of the assets of the business	US$ 10 million
Nedbank	Banking facility letter	None	None	Yes	Amalgamation, merger or restructure	US$ 10 million
Citi Bank	Short term uncommitted facility letter	None	None	Yes	None	US$ 10 million
Standard Bank	Banking facility letter	None	None	Yes	No change of control of Borrower permitted	US$ 10 million
FNB	Term loan facility agreement, Credit facility letter	None	None	No	Amalgamation, merger or restructure, leasing out of any asset	US$ 10 million

COMMISSION OF INQUIRY INTO STATE CAPTURE

Appendix B: Off-balance sheet debt

The table below sets out in detail the current operating lease commitments of SAA. The operating leases described below account for all of SAA's off-balance sheet debt obligations.

Summary of SAA's off-balance sheet funding obligations 31 March 2015, (R 'million) Aircraft	Average monthly lease payment	Discount rate	Number of aircraft	Present value of total future lease payments
B737 - 800: SJB	3.1	3.49%		42.5
B737 - 800: SJC	3.7	3.49%		46.7
B737 - 800: SJD	2.5	3.49%		27.0
B737 - 800: SJF	2.5	3.49%		45.9
B737 - 800: SJM	3.2	3.49%		43.7
B737 - 800: SJN	3.2	3.49%		43.8
B737 - 800: SJS	4.2	3.49%		21.0
B737 - 800: SJU	3.8	3.49%		66.9
B737 - 800: SJV	3.6	3.49%		70.7
B737 - 800: SJR	4.2	3.49%		16.8
B737 - 800: SJT	4.2	3.49%		33.4
B737 - 800: SJA	3.1	3.49%		36.5
B737 - 800: SJE	2.5	3.49%		43.5
B737 - 800: SJG	2.3	3.49%		35.2
B737 - 800: SJH	2.4	3.49%		36.9
B737 - 800: SJK	2.4	3.49%		39.3
B737 - 800: SJL	2.4	3.49%		57.0
B737 - 800: SJO	2.7	3.49%		65.6
B737 - 800: SJP	2.7	3.49%		78.2
B737 800s	58.7		19.0	850.5
A320-200: ZS-SZA	4.0	3.49%		412.2
A320-200: ZS-SZB	4.0	3.49%		415.0
A320-200: ZS-SZC	4.0	3.57%		437.2
A320-200: ZS-SZD	4.0	3.57%		437.2
A320-200: ZS-SZE	4.0	3.63%		445.3
A320-200: ZS-SZF	4.0	3.57%		447.8
A320-200: ZS-SZG	4.0	3.60%		450.5
A320-200: ZS-SZH	4.2	3.30%		483.8
A320-200: ZS-SZI	3.9	3.12%		462.9
A320-200: ZS-SZJ	4.1	3.34%		484.6
A320-200: ZS-SZZ	4.2	3.20%		136.1
A320-200: ZS-SZY	4.2	1.77%		142.9
A320-200s	48.6		12.0	4,755.5

COMMISSION OF INQUIRY INTO STATE CAPTURE

Summary of SAA's off-balance sheet funding obligations 31 March 2015, (R 'million) Aircraft	Average monthly lease payment	Discount rate	Number of aircraft	Present value of total future lease payments
B737 800s	58.7		19.0	850.5
A320-200s	48.6		12.0	4,755.5
A319 - 100: SFG	3.0	3.49%		23.9
A319 - 100: SFH	2.0	3.49%		17.7
A319 - 100: SFI	2.0	3.49%		20.1
A319 - 100: SFJ	2.0	3.49%		43.4
A319 - 100: SFK	2.0	3.49%		47.2
A319 - 100: SFL	2.0	3.49%		49.1
A319 - 100: SFM	2.0	3.49%		50.9
A319 - 100: SFN	2.0	3.49%		52.8
A319-100s	17.3		8.0	305.1
A340 - 300: SXA	4.3	3.49%		50.8
A340 - 300: SXB	5.6	3.49%		71.1
A340 - 300: SXC	5.6	3.49%		71.2
A340 - 300: SXG	4.1	3.49%		28.5
A340 - 300: SXH	4.2	3.49%		33.2
A340-300s	23.8		5.0	254.8
A340 - 600: SNE	10.1	3.49%		80.1
A340 - 600: SNH	-	3.49%		-
A340 - 600: SNI	13.0	3.49%		25.9
A340 - 600: SNA	7.3	3.49%		242.2
A340 - 600: SNB	7.3	3.49%		248.0
A340-600s	37.7		5.0	596.2
A330 - 200: SXZ	9.1	3.99%		573.4
A330 - 200: SXY	9.1	4.10%		582.3
A330 - 200: SXX	9.2	4.15%		597.3
A330 - 200: SXW	9.0	3.87%		606.8
A330 - 200: SXV	8.8	3.52%		614.9
A330 - 200: SXU	8.9	3.61%		637.3
A330-200s	54.1		6.0	3,612.0
A330 - new order	10.5	3.49%		1,410.3
A330 - new order	10.5	3.49%		1,398.2
A330 - new order	10.5	3.49%		1,386.3
A330 - new order	10.5	3.49%		1,386.3
A330 - new order	10.5	3.49%		1,374.4
A330 - new order - 5 new planes	52.6		5.0	6,955.5
Total off balance sheet funding	**292.8**		**60.0**	**17,329.7**

COMMISSION OF INQUIRY INTO STATE CAPTURE

Appendix C: Letters of Support

The following is an extract from a letter addressed to the export credit agency by the then Chairperson of Transnet.

TRANSNET

Maria Ramos
Group Chief Executive

1. Her Britannic Majesty's Secretary of State Acting Through the Export Credit Guarantee Department ("ECGD")
2. Compagnie Francaise D'Assurance Pour Le Commerce Exterieure ("COFACE")
3. The Federal Republic of Germany Represented by Euler Hermes Kreditversicherungs-AG and its other Relevant Authorities ("EULER HERMES")

Dear Sirs

FINANCING A340-300E AIRCRAFT (MSN 544, MSN 582, MSN 590)

1. This serves to acknowledge that SAA has made available to the Export Credit Agencies ("ECGD", "COFACE", "HERMES") a letter addressed to the Chairman of South African Airways (Pty) Ltd from the Chairman of Transnet Limited, wherein Transnet committed financial support to SAA (copy of the letter is attached hereto)
2. We understand and accept that the Export Credit Agencies have relied on the contents of the said letter in arriving at the decision to finance the above-mentioned aircraft

We trust this is in order.

Yours faithfully

MARIA RAMOS
GROUP CHIEF EXECUTIVE
Date: 27 August 2004

Transnet Limited
Registration number 1990/000325/06

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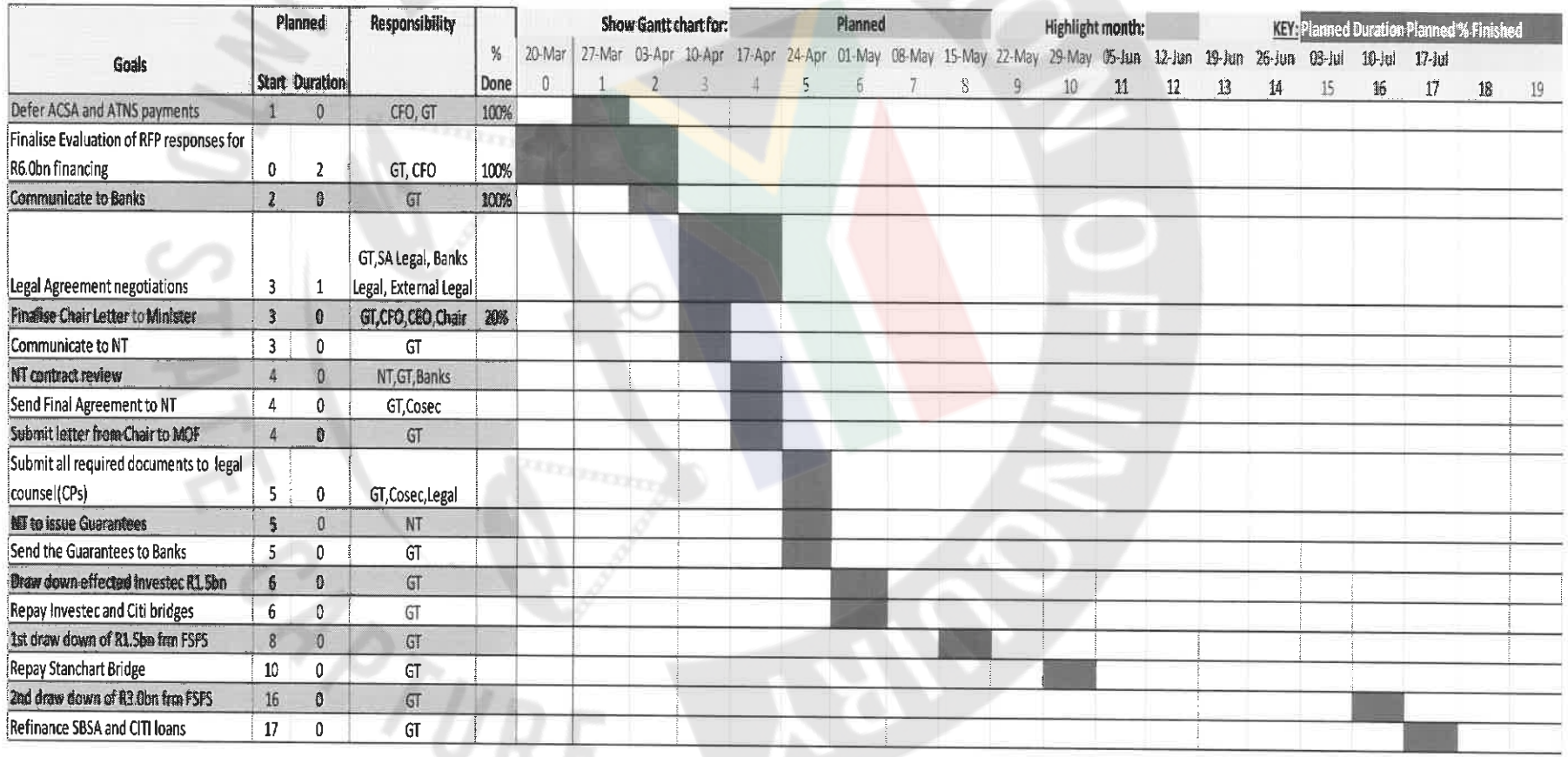
*Executive
Group Company Secretary T C Swift-Lowe

Appendix D: Gantt Chart of Base Case Funding Process

Goals	Planned Start	Planned Duration	Responsibility	% Done
Defer ACSA and ATNS payments	1	0	CFO, GT	100%
Finalise Evaluation of RFP responses for R6.0bn financing	0	2	GT, CFO	100%
Communicate to Banks	2	0	GT	100%
Legal Agreement negotiations	3	1	GT,SA Legal, Banks Legal, External Legal	
Finalise Chair Letter to Minister	3	0	GT,CFO,CEO,Chair	20%
Communicate to NT	3	0	GT	
NT contract review	4	0	NT,GT,Banks	
Send Final Agreement to NT	4	0	GT,Cosec	
Submit letter from Chair to MOF	4	0	GT	
Submit all required documents to legal counsel(CPs)	5	0	GT,Cosec,Legal	
NT to issue Guarantees	5	0	NT	
Send the Guarantees to Banks	5	0	GT	
Draw down effected Investec R1.5bn	6	0	GT	
Repay Investec and Citi bridges	6	0	GT	
1st draw down of R1.5bn frm FSPS	8	0	GT	
Repay Stanchart Bridge	10	0	GT	
2nd draw down of R3.0bn frm FSPS	16	0	GT	
Refinance SBSA and CITI loans	17	0	GT	



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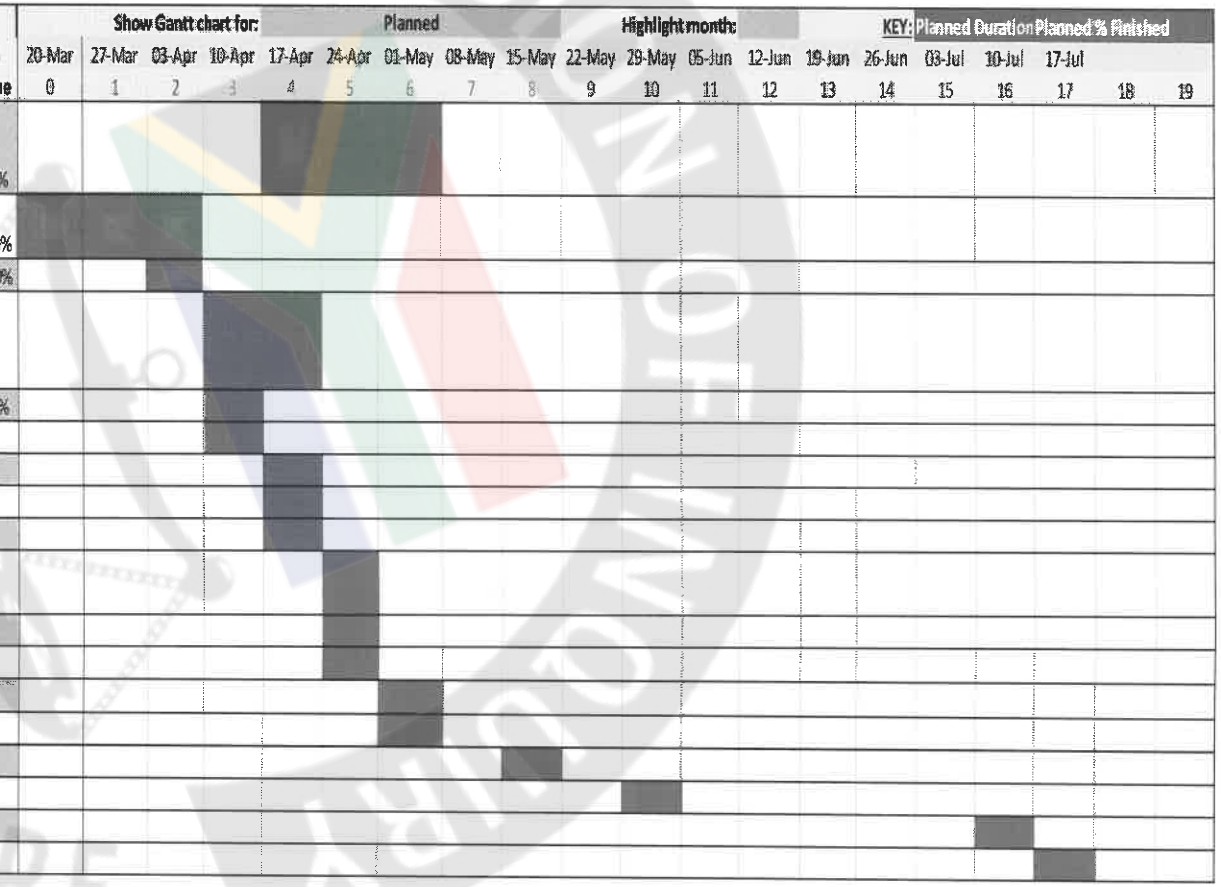
Appendix E: Gantt Chart of Contingency Funding Process

Goals	Planned Start	Planned Duration	Responsibility	% Done
Attempt to secure further unguaranteed bridge facilities if required	4	2	GT	50%
Finalise Evaluation of RFP responses for R6.0bn financing	0	2	GT, CFO	100%
Communicate to Banks	2	0	GT	100%
Legal Agreement negotiations	3	1	GT,SA Legal, Banks Legal, External Legal	
Finalise Chair Letter to Minister	3	0	GT,CFO,CEO,Chair	20%
Communicate to NT	3	0	GT	
NT contract review	4	0	NT,GT,Banks	
Send Final Agreements to NT	4	0	GT,Cosec	
Submit letter from Chair to MOF	4	0	GT	
Submit all required documents to legal counsel(CPs)	5	0	GT,Cosec,Legal	
NT to issue Guarantees	5	0	NT	
Send the Guarantees to Banks	5	0	GT	
Draw down effected Investec R1.5bn	6	0	GT	
Repay Investec and Citi bridges	6	0	GT	
1st draw down of R1.5bn frm FSFS	8	0	GT	
Repay Stanchart Bridge	10	0	GT	
2nd draw down of R3.0bn frm FSFS	16	0	GT	
Refinance SBSA and CITI loans	17	0	GT	



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SOUTH AFRICAN AIRWAYS A STAR ALLIANCE MEMBER	SAA Treasury – Financial Risk Management Policy	Doc No:	BOARD -FRMP REVIEW -2015
		Version:	10.0
		Page	1

28 May 2015

SAA GROUP TREASURY

Financial Risk Management Policy (FRMP)

COMMISSION OF INQUIRY INTO STATE CAPTURE

Approvals page

Chief Financial Officer (Chairman of the FRSC)	
Chief Risk Officer	
Enterprise Wide Risk Manager	
Group Treasurer	
Chief Dealer	
Financial Risk Manager	
Head of Cash Management	
Head of Tax	
Head of Financial Accounting	
AUDIT Resolution date	
SAA Board resolution date	
Effective date	

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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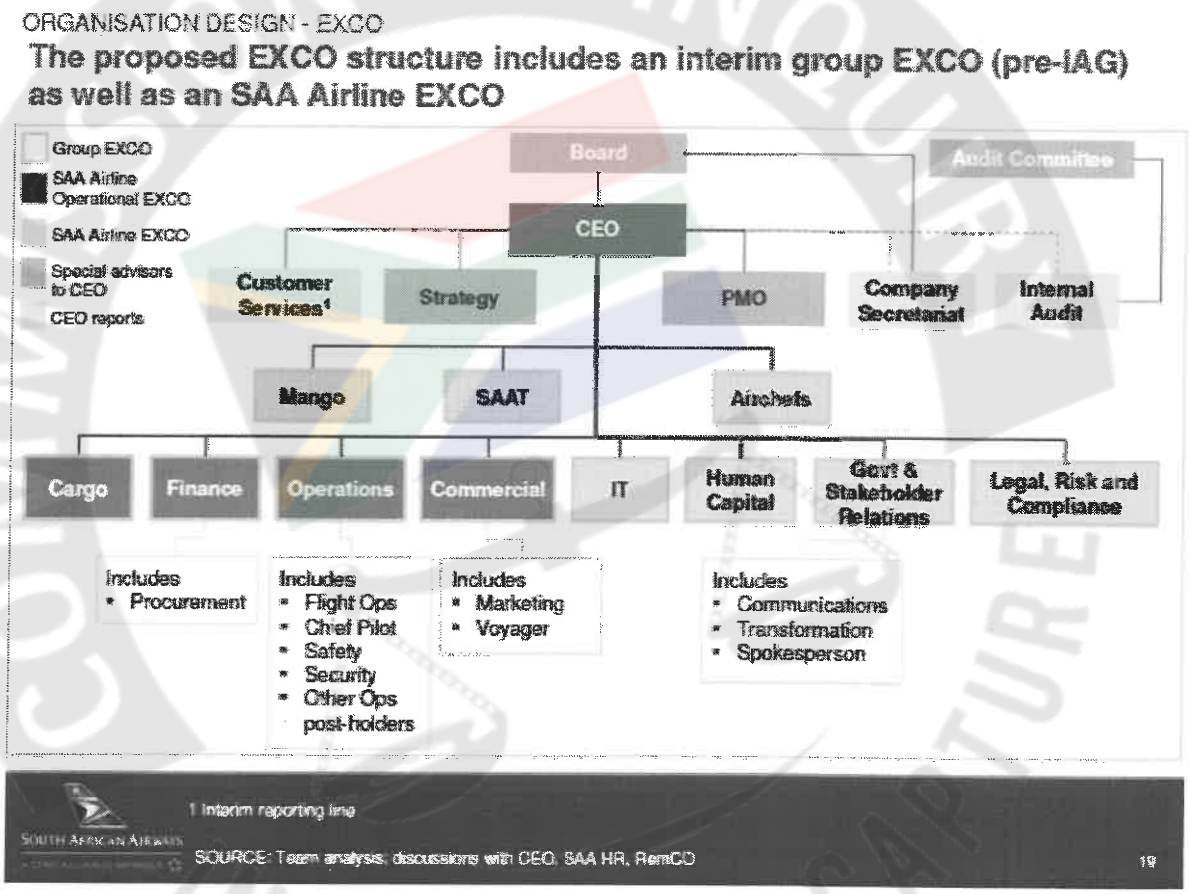
STATE CAPTURE INQUIRY

1. INTRODUCTION

SAA SOC Limited (SAA) and its subsidiaries are positioned as a key South African aviation asset and a leading airline on the African continent. For the purpose of this document, SAA is defined as the following group of companies, under the South African Airways Act No. 5 of 2007, where SAA has significant influence and majority shareholding.

Figure 1: SAA Corporate EXCO Structure.



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SAA faces a wide range of financial risks that can have a significant adverse impact on the sustainability and profitability of the group. The stakeholders in SAA expect the group to earn an acceptable return that rewards the Government of South Africa as shareholder for bearing all risks whether financial, reputational or other, whilst providing a stable work environment for employees, and protecting the interests of the environment and communities that are affected by its operations.

The Government recognizes that the boards and management of State Owned Companies (SOCs) need to effectively manage risks associated with their operations.

Fluctuations in the financial and commodity markets and the structure of the underlying business portfolio expose SAA cash flows to uncertainty. The fundamental purpose of financial risk management at SAA is to achieve the policy's objectives (stated in section 3) in a risk-return framework while operating within predefined risk tolerance levels approved by the SAA Board of Directors (Board), recognized herein as SAA's Accounting Authority in terms of the amended Public Finance Management Act of 1999.

It is the policy of SAA to centralize treasury and financial risk management activities of the group in order to ensure that all financial risks are managed in a consistent way and are taken into account in the integrated management of all financial risk exposures of the SAA Group. These centralized functions will either be carried out by the Treasury department or coordinated by them where necessity dictates that these functions should be affected elsewhere within SAA.

SAA subsidiaries are responsible for managing and reporting incremental financial risk exposure beyond what is reported through the Treasury department (e.g. SAA Technical is exposed to foreign currencies from purchasing parts required for the maintenance of aircraft).

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2. PURPOSE OF THE FINANCIAL RISK MANAGEMENT POLICY

The Financial Risk Management Policy (FRMP) is developed in line with the relevant South African legislation and follows best practise standards. The framework prescribes that all activities be performed in a professional and ethical manner.

In pursuit of its business, SAA GROUP is exposed to a myriad of risks, including but not limited to market, interest rate, credit, liquidity, and operational risks. The long term viability, continued success and reputation of SAA GROUP are critically dependent on the credibility of financial risk management, and the commitment in applying best practice in risk management.

Although the current FRMP only covers Financial Risks in the Group Treasury, all other risks not related to Treasury are managed in accordance with the Group Risk Policy and Framework. (See Appendix A)

The airline industry and financial markets are dynamic. As such, SAA will be disciplined in keeping its FRMP relevant by observing the behaviors which drive the policy , assessing the performance of those behaviors and making revisions to adjust for any improvements that are desired.

The Board of Directors entrust the responsibility to the SAA Group CEO and the Executive Committee to ensure that a risk management process is in place and any deviation from this shall be brought to the Board's attention via the defined governance structure as per the FRMP.
The process for maintaining this policy is as follows:

- A detailed policy review will be conducted by the Financial Risk Sub-Committee (FRSC) on an annual basis, or more frequently on an as needed basis[1];
- The Audit and Risk Committee (AUDIT) will review, suggest changes and ultimately recommend to the Board approval of all accepted policy revisions.

[1] Examples that may trigger a more frequent review include changes in the Minister's risk management guidelines or industry regulation, access to new analytical tools and information, changes in the market context, among others

- Proposed changes, their implementation status and supporting rationale will be documented and logged in an appendix of the FRMP;
- The AUDIT will present the suggested updates of the FRMP to the Board for Board approval;
- Upon approval by the Board, as documented in the Board minutes, the reviewed FRMP will become effective.

It is the position of the Board that the Financial Risk Management Policy (FRMP) will be constructed with reference to risk management and governance best practice, as detailed below (terms of reference):

- The King Code of Governance for South Africa ("King III")
- The International Group of Treasury Associations (IGTA)
- The Association of Corporate Treasurers of Southern Africa (ACTSA)
- Risk management best practice as advocated by the Global Association of Risk Professionals (GARP)
- Public Finance Management Act (PFMA) of 1999, as amended
- National Treasury Guideline Statement on Treasury Best Practice
- Treasury Regulations in terms of the PFMA
- All relevant laws and regulations of The Republic of South Africa and all the countries in which SAA operates
- Ministerial Approval to delegate some of the powers of the Board in terms of Section 66(6) of the Public Finance Management Act, the specifics which are included in (Appendix A – Ministerial Approval of PFMA Section 66(6) Letter)

Additionally, the FRMP must ensure compliance with the applicable laws and regulations of countries where SAA operates.

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3. OBJECTIVES OF FINANCIAL RISK MANAGEMENT AT SAA

The objective for financial risk management is to protect SAA from

- Volatility in financial and commodity markets;
- Events that threaten the statement of financial position, statement of comprehensive income and statement of cash flow;
- Entering into financial contracts without prior cost-benefit analysis using a risk-return framework.

The main financial market risks faced by SAA include but not limited to the following:

- Foreign exchange (FX) risk;
- Commodity price risk;
- Counterparty credit risk;
- Cash management and liquidity risk;
- Interest rate risk.

This policy framework will address the individual risk policy for the above risk exposures.

In order to meet the financial risk management objectives, SAA will:

- Measure, monitor and report cash flow at risk (CFaR) on an aggregated and individual financial risk basis for Fuel and FX.
- Evaluate risk-return tradeoffs and manage downside risk within predefined risk tolerance levels.
- Implement risk management (e.g. hedging, contract structures, etc.) strategies that
  - protect against extreme market movements that endanger stakeholders (shareholders, employees, the community) and threaten the sustainability, competitive position and reputation of SAA;
  - reduce the financial market volatility and uncertainty in cash flow and financial performance;
  - provide price/rate stability in the net cost of fuel, FX and interest payments.
- Exercise the highest level of transparency surrounding the risk management process.

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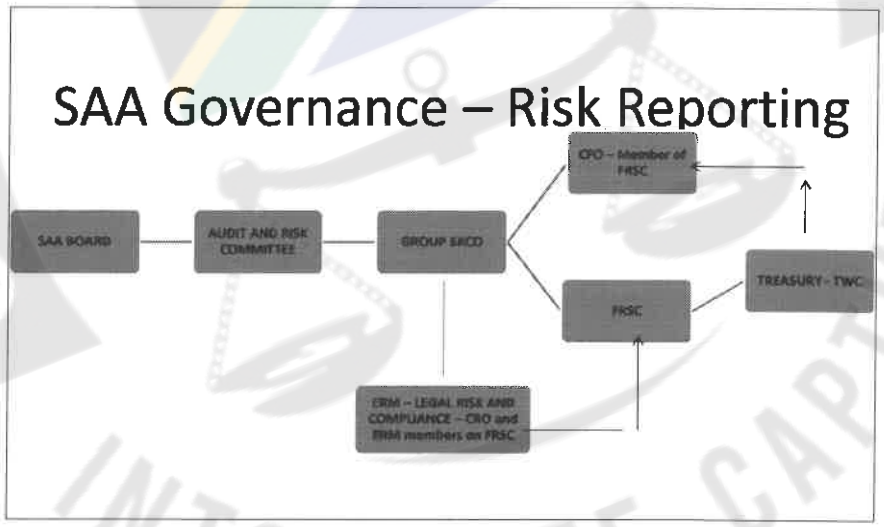
4. SAA GOVERNANCE STRUCTURES

Sound corporate governance principles are imperative in obtaining and retaining the trust of all the stakeholders. The King III report on Corporate Governance sets out several principles in risk management, upon which SAA Corporate Governance structures is based. Risk management is ultimately the responsibility of the Board of Directors. The Audit and Risk Committee has responsibility for governance oversight of the financial performance, financial risk management and the compliance to accounting standards. This also includes the implementation and reporting of Enterprise-wide Risk Management (ERM).

The various risks faced by SAA in its ERM risk universe do not occur in isolation from each other and the relationships and interaction between these risks must be taken into account when managing SAA's financial risks. SAA's financial risk management activities will therefore be operated in an integrated fashion within the broader ERM activities. See Appendix A for the SAA Risk Governance Structure.

Figure 2: SAA Governance Risk Reporting



Legend:

Risk reporting – Blue Line;

Independent Reporting: Black Line

4.1 Roles and Responsibilities

4.1.1 Board and Board Sub - committees

The roles and responsibilities of the SAA Group Board, Board Sub – committees – Audit and Risk committees are defined in their respective terms of reference and in the Group Risk Policy and Framework.

4.1.2. The SAA Board

- Understand the risks facing the Group
- Approve SAA's overall risk appetite
- Approve Financial Risk Management Policy

4.1.3. The Audit and Risk Committee

- Present the overall financial risk exposure to the SAA Board
- Review and recommend any changes to the Financial Risk Management Policy to the Board;
- Review and approve Treasury Counterparties and counterparty limits for banking, investment and hedging purposes'
- Review financial risk management activities;
- Report on the implementation and control of financial risk management activities to Board;
- Assess and approve financial risk management strategies developed by the FRSC, Treasury and Management;

4.1.4 Financial Risk Sub Committee (FRSC)

- Annual Review of, and development and recommendation of changes to the Financial Risk Management Policy to the EXCO, and Audit and Risk Committee;
- Review Financial markets and SAA's strategic and tactical financial risk exposures as presented by Treasury;
- Assess financial risk management strategies, developed by the SAA group Treasury, for submission to the Audit and Risk Committee and Board for approval;

- Review tactical implementation of approved financial risk
- Review and approve (risk management) hedging strategy
- Facilitate and monitor the implementation of the FRM policies and strategy
- Analyze risk reports; and
- Assisting with embedding the ERM culture within the Group

The Financial Risk Governance structure is set out in a tabular format in Table 1.

The AUDIT and Risk Committee, FRSC and Treasury Working Committee ("TWC") membership, required skills/competencies, frequency of meetings are defined in Table 2:

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Table 1: Financial Risk Governance structure:

ACCOUNTABILITY LEGEND / CODES				
Prepare /Analyze/ Identify	**Comment /Support / Informed**	**Decide /Recommend**	**Approve /Reject**	**Execute /Implement / Resolve**
○	●	⌂	■	Δ

ACCOUNT-ABILITY	Maintenance of the FRMP	Base hedge Strategy development and execution	Changes to base Hedge Strategy and exceptions	Limit Breaches	Non-Compliance
BOARD	■		■	●	● ■
AUDIT	⌂		■	●	● ■ Δ
EXCO	●	●	●	● Δ	● ⌂ Δ
CEO	●	●	●	● ■	● ⌂ Δ
CFO				● ■	● ⌂ Δ
FRSC	● ⌂	● ⌂	● ⌂	●	⌂
Group Treasurer	●	●	●	■	● ⌂ Δ
Treasury		Δ	Δ	○ ⌂ Δ	○
TWC	○	○	○	○	○
INTERNAL AUDIT				○	○
Actions	- Annual review of the FRMP -Annual approval of FRMP	-Recommend to implement base hedging strategy -Monthly review of current base hedging strategy	-Recommend to move to new base strategy if the current hedge strategy is not meeting the CFaR objectives. -Resolve exceptional events: -Hedge book restructuring -Major market event occurs and invalidates base hedging strategy. -Approval can occur via meetings, approved email exchanges or minuted tele-conference calls. AUDIT may request full Board approval if cost of hedge is significant.	-Resolve breaches arising from normal market movements -Resolve deliberate limit breaches in the context of the HR policy	-Resolve overt non-compliance with the limits in the FRMP Policy

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4.2 Risk Committee duties and responsibilities

The AUDIT and Risk Committee, FRSC and Treasury Working Committee ("TWC") membership, required skills/competencies, frequency of meetings are defined in Table 2:

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Table 2: Risk committee duties and responsibilities:

Risk committee	Membership	Required skills/ competencies
Board	▪ Approved Board Members	▪ High level of financial literacy (hedging instruments, financial risks, etc.) ▪ Ability to challenge and ensure strong decision making governance.
Audit and Risk committee of the Board (AUDIT)	▪ Three non-executives (including chair) ▪ CEO (non-voting) ▪ CFO (non-voting) ▪ CRO (non-voting) ▪ Group Treasurer (non-voting)	▪ High-level of financial literacy (i.e. financial statements, hedging instruments); ▪ Ability to challenge and ensure strong decision-making governance
Financial Risk sub-committee (FRSC)	▪ CFO (Chair) ▪ CRO ▪ ERM Manager ▪ Group Treasurer ▪ HOD Financial Risk ▪ HOD Cash Management ▪ Chief Dealer: Front Office ▪ Dealer Front Office. ▪ Corporate Finance ▪ HOD Financial Accounting ▪ HOD Fuel Management ▪ HOD Revenue Management ▪ CFO (Cargo) ▪ CFO (SAAT) ▪ CFO (AIR CHEFS) ▪ CFO (Mango) ▪ Business Support Manager (SATC)	▪ Expertise on corporate risk and finance topics (e.g. CFaR, economic profit, risk appetite, modern portfolio theory) ▪ Deep understanding of hedging best practices and company policy
Treasury Working Committee (TWC)	▪ Treasury department – Dealer: Front Office (Chair) – Head of Cash Management – Chief Dealer – Financial Risk Manager ▪ Manager Fuel Management Services representative.	▪ Expertise using analytical hedging tools ▪ Expertise on fuel and FX markets and hedge instruments, counterparty credit and IR risk ▪ Deep understanding of the organization's fuel and FX exposures

4.3. Fuel Management

- Provide Treasury with the Fuel forecasted Fuel Volumes uplifted for 12 months;
- Provide Treasury with accurate information relating to the fuel contracts within 30 days of any changes to the contracts that would affect the calculation of SAA's fuel market exposure;
- At the time of the Budget Process, provide Treasury with a monthly forecast of fuel uplift by stations that includes all planned changes to routes and aircraft that would affect the calculation of SAA's fuel market exposure;
- Any significant variations from Budget will also be provided to Treasury during the year.

4.4. Tax Department

- Understand and assess the tax implications from SAA financing and hedging activities;
- Sign-off on all new financing and hedging instruments used by SAA.

4.5. The Treasury functions at SAA

The SAA Treasury function consists of a fully segregated Treasury Front Office (TFO), Middle Office (TMO), Back Office (TBO) and Corporate Finance functions. Treasury implements FRSC approved risk management strategies that comply with FRMP established parameters and guidelines as set out in the SAA "Treasury Procedures and Control Manual".

4.6. Treasury Front Office (TFO)

- Manage SAA's cash investments;
- Analyze financial markets and SAA exposures;
- Structure, develop financial risk management strategies;
- Prepare and recommend financial risk management strategies for the FRSC (via the TWC); and
- Execute all approved financial risk management strategies within agreed timeframe

4.7. Treasury Middle Office (TMO)

- Oversee functional implementation of the FRMP;
- Identify, monitor and quantify financial risk as per SAA's FRMP;
- Analyze risk management strategies recommended by the FRSC or TWC and their impact on SAA's risk exposure;
- Monitor risk limits and exposures;
- Prepare risk reports as per SAA's FRMP and any requests related to Financial Risk by FRSC;
- Monitor performance of risk management activities; and
- Ensure compliance to FRMP, South African Reserve Bank regulations and the PFMA.

4.8. Treasury Back Office (TBO)

- Manage SAA's cash (pooling, consolidation, monitoring and forecasting);
- Prepare SAA's cash flow forecast and variance analysis;
- Manage working capital requirements;
- Report on SAA's cash and liquidity position;
- Monitor the administration and settlement of SAA financial market transactions; and
- Manage SAA's banking relationships and bank accounts.

4.9. Corporate Finance Department

- Develop, implement and review the financing component of SAA's aircraft financing strategies;
- Manage and administer SAA's aircraft loans and leases portfolio;
- Develop, structure and review SAA's capital structure and corporate financing strategies;

4.10. Authorized Dealers

Treasury has an approved list of dealers mandated to deal on behalf of SAA. Only qualified and specifically nominated individuals mandated by the Delegations of Authority are allowed to deal in the financial markets and in approved instruments.

Upon resignation of an approved dealer, the relevant counterparties will be advised accordingly and the new dealer(s) will be appointed.

4.11. Dealing Limits

Dealing limits for any notional amounts will be reviewed periodically as a function of changes to the FRMP and SAA's base hedging strategy.

Table 3: Dealing limits:

Market	Term	CFO	Treasurer	Chief Dealer
Money Market investments	Per transaction	R 1,000 Million	R 500 Million	R 200 Million
	Daily aggregate	R 1,000 Million	R 600 Million	R 400 Million
Foreign Exchange (FX) transactions[2]	Per transaction	USD50 Million	USD30 Million	USD 10 Million
	Daily aggregate	USD50 Million	USD30 Million	USD 20 Million
Fuel transactions	Per transaction	Barrels 500,000	Barrels 300,000	Barrels 100,000
	Daily aggregate	Barrels 500,000	Barrels 300,000	Barrels 200,000

Any transaction above the Chief Dealers designated limit will have to be approved first by the Group Treasurer and then the dealing blotter would need to be co-signed by the Group Treasurer, within the Group Treasurer's approved limit. Should the transactions be greater than the Group Treasurer's limit, then the CFO needs to approve first and together the CFO and Treasurer must co-sign the transaction deal blotter.

All breaches in dealing limits will be reported by TMO to the:

a) Group Treasurer, CFO, CRO, FRSC.
b) Should this breach not be resolved or brought back in line, it will then also be reported AUDIT and the Board.
b) In event of non-compliance process see section 4.16 under non-compliance.

From a risk exposure perspective , all "structure type hedges" will be reported as one set of USD exposure.

4.12. Segregation of Duties

The policy on segregation of duties should not be compromised, and internal controls should be reviewed on a quarterly basis by TMO.

[2] Dealing limits for FX transactions are treated as USD equivalents when hedging other foreign currencies

4.13. Leave Policy for Dealers

All dealers to adhere to the SAA HR Leave policy, by taking 2 weeks consecutive days leave per year.

4.14. Off Market Deals

Off market deals relate to deals that are not entered into at market related rates for the purpose of unwinding an existing position. There will be no off market deals transacted by the dealer.

This does not relate to restructuring of trades which may have accumulated significant mark to market, so that when they are restructured, this inherent value can be used to fund a new position, to the extent that it may be significantly "off-market".

TMO should monitor the portfolio daily to report any breach to the policy statement.

4.15. Stop Loss Orders

A Stop Loss is an order which is activated when a specified exchange rate or commodity price (the stop price) is reached. The stop order is used to limit losses or protect profits when the price of a currency or a commodity goes against the position. There will be no stop loss positions placed with other banks or counterparties.

4.16. Non-compliance of Dealing Limits

In event of non-compliance to the dealing limits, then the following actions would apply:

a) When the dealing limits are exceeded due to extraordinary circumstances, the Group Treasurer and/or CFO would make the decision to bring back into line, or take further necessary steps.
b) When dealing limits are exceeded through negligence, then disciplinary action will be enforced according to the disciplinary procedure as per HR policy.
c) All non-compliance with this policy will be escalated to the Board.

5. SAA'S FINANCIAL MARKET RISK EXPOSURE AND METRICS

5.1. SAA's Financial Market Risk Exposure

The overall financial risk exposure of the SAA Group is defined as the potential exposure of the business to adverse market conditions, over a specified period of time, and within a specified confidence interval, this exposure could be possibly as a result of potential cash flow shortfalls due to a few selected downside risks, such as the Brent price, interest rate, the exchange rate and counterparty default.

This policy is designed to ensure that both the severity and frequency of these unexpected events are efficiently mitigated to levels within the parameters established in the risk appetite statement.

5.2. Acceptable Level of Risk Exposure

The Board sets an acceptable level of risk that SAA is able and willing to tolerate in pursuit of objectives. Financial risk exposures are an important contributor to the overall volatility in SAA's financial performance and must be incorporated in the risk appetite statement together with other cost and revenue exposures.

In order to establish risk limit structures and decision frameworks, SAA has adopted two approaches for evaluating risk:

- Fuel and foreign exchange (FX) risk is evaluated using a forward looking dynamic simulation based approach;
- Interest rate and counterparty risk is evaluated using more traditional sensitivity, concentration, and risk rating approaches.

To that end, SAA will measure fuel and FX risks in a way that accounts for:

- Volatility in demand for flights (e.g. drop in demand for flights changes both the FX and fuel exposure)
- Volatility in the underlying prices or exchange rates
- Correlations between various financial market risks

5.3. Fuel and FX Risk Metrics

Fuel and FX risks are material drivers of SAA's financial market risk exposure. SAA's fuel and FX exposures are measured against these price paths to develop two metrics:

- Risk metric: Cash Flow at Risk (CFaR)
- Profit metric: Economic Value (EV)

EV is the average (i.e. expected) cash flow as measured over all the simulations.

CFaR is measured as the difference between a cash flow target and the 95th percentile downside event. In this case, CFaR represents the probabilistic value that will only be exceeded 5% of the time. The cash flow target referenced by SAA is the expected cash flow net of the current hedge book using the latest market price simulation results (approved by the FRSC) and exposure forecasts. This is equivalent to using a re-forecasted budget where the budgeted fuel costs are based on the most current market projections.

In addition to CFaR, there are a number of other metrics that are calculated and reported to support risk-adjusted decision-making, including

- Hedge ratio
- Hedgeable ratio
- Fair market value of hedge portfolio
- Economic Value

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5.4. Counterparty Rates Metric

Table 4: Counterparty Risk Metric

Counterparty	Criteria	Maximum limit
Approved South African Financial institution	Net worth of R1 Billion or greater for the group	Max limit of 6.5% of net worth multiplied by its percentage credit score
Approved International Financial institution	Net worth of R1 Billion or greater for the group	Max limit of 1.5% of its net worth multiplied by the credit score.
International Counterparties	A limit cap which is equal to the average credit limit of approved domestic financial institutions is applied to international counterparties.	

5.5. Interest Rate Metric

This refers to the potential variability in SAA Group financial condition owing to changes in interest rate levels. The standard measure of interest rate risk includes the repricing /maturity gap and the impact of standardized interest rate shocks.

The majority of SAA's interest rate risk exposure occurs as a result of the airline's aircraft financing activities, and cash holdings, and is therefore concentrated in the aircraft loans, leases portfolio and investment portfolio of SAA.

SAA's objectives is to manage funding structures in terms of a fixed vs. floating, and local vs. foreign currency split within an approved ratio.

To enable Treasury to manage interest rate trends in both a rising and falling environment, the fixed portion of interest rates of the debt portfolio shall not exceed 75% and the floating rate portfolio not exceed 50%.

The Interest rate metric applied: Sensitivity of cash flow to a 1% shift in interest rates for both the US Yield Curve and the SAA Yield Curve.
This will be measured monthly as the aggregate impact on the next 12 months of cash flow.

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6. SAA's FINANCIAL MARKET RISK TOLERANCE AND RISK APPETITE LEVELS

6.1. SAA uses three tools to define the level at which risks require management beyond standard operating procedures. The relationship between these tools is shown in Figure 4.

6.1.1. Risk Appetite Statement

6.1.2. Risk Tolerance Levels

6.1.3. Risk Limits Cash Flow at Risk (CFaR) and Mark to Market Limits (MtM)

6.2. SAA's Risk Appetite Statement for Treasury is that SAA is not willing to accept risks in most circumstances that may result in reputational damage, significant financial loss or exposure, major breakdown in information integrity and significant incidents of regulatory non-compliance. Therefore, in summary, SAA has a low risk appetite.

6.3. The Risk Tolerance levels and risk limits are reviewed on a quarterly basis by the FRSC and approved by AUDIT and Board.

6.3.1. Risk Limit Structure for Hedging Losses

Table 5: Risk limit structure for Hedging Losses

Risk Tolerance	**Risk**	**Limits in Millions based on metric**		**Risk Tolerance Limit**	
Millions		**CF@R**	**20%**	**Limit**	**Early Action**
20% of CF@R Maximum R400m balance.	Fuel	2900 (prior 2,200)	580	400	200
	FX	400 (prior 370)	80	70	35
	Net FX+Fuel	2500	660	400	200

The maximum Risk Tolerance level has been reviewed to R400 million. This limit will be reviewed on an annual basis in order for this limit to take into account the overall financial status of the airline at each point in time, within prudent financial norms.

6.4. Counterparty Credit Risk Limits

Table 6: Counterparty Credit Risk

Metric	▪ Exposures by counterparty
Time horizon	▪ Measured daily and at each month end based on outstanding balances
Confidence level	▪ N/A
Limit	▪ As per the Board Approved Counterparty Limits for each Counterparty see Table 5.3.1
Required actions in event of limit breach	▪ TMO reports to the Group Treasurer for remedial action. ▪ Treasury reports to FRSC immediately in advance of the FRSC meeting ▪ Treasury works to rebalance the portfolio ▪ TMO to analyze and report on the cause of the breach and report to FRSC ▪ FRSC to recommend changes to operating procedures if required ▪ TMO includes description of the event and actions in the AUDIT, EXCO and FRSC reports

6.5. Interest Rate Risk

Table 7: Interest rate risk

Metric	▪ Sensitivity of cash flow to a 1% shift in interest rates
Time horizon	▪ Measured monthly as the aggregate impact on the next 12 to 18 months of cash flow
Confidence level	▪ N/A
Limit	▪ Fixed – Max 75% or Max Floating 50%
Required actions in event of limit breach	▪ TMO reports to the Group Treasurer for remedial action ▪ Treasury reports to FRSC immediately in advance of the FRSC meeting ▪ TMO to analyze what if any actions can be take such as refinancing, or the implementation of interest rate derivatives ▪ Since interest rate hedging is not a normal operating activity to SAA, a special Audit and Risk must be convened to approve any actions that are proposed by the FRSC ▪ Include description of the event and actions in the AUDIT, EXCO and FRSC reports.

6.6. Foreign Exchange Rate Risk

Table 8: FX – Foreign Exchange Rate Risk

Metric	▪ CFaR
Time horizon	▪ Rolling 12 up to18 months
Confidence level	▪ 95%
Limit	▪ Board: CFaR ZAR 400 Million - 20%CF@R R 70 Million (Risk Tolerance) ▪ Early Action: CFaR 50% of Risk Tolerance - R35 Million ▪ Min %: 0% Max %: 75%
Required actions in event of limit breach	▪ TMO reports to Group Treasurer for remedial action. ▪ TMO reports to FRSC immediately in advance of the FRSC meeting ▪ TMO determines if additional incremental hedging will bring the risk within acceptable levels ▪ TFO determines if portions of the current hedge book should be restructured ▪ TFO develops a list of potential actions that can be taken showing the following for each option: – Reduction in cash flow at risk – Economic value – Cash flow required to initiate the strategy (option premiums, settlement costs, etc.) ▪ FRSC makes a recommendation to adopt a change in strategy and an emergency Audit and Risk Committee (via email, teleconference or in person) is held to approve this strategy change.

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6.7. Fuel Commodity Price Risk

Table 9: Fuel Commodity Price risk

Metric	▪ CFaR
Time horizon	▪ Rolling 12 up to 18 months
Confidence level	▪ 95%
Limit	▪ Board: CFaR ZAR 2900 Million - 20%CF@R R 400 Million (Risk Tolerance) ▪ Early Action: CFaR 50% of Risk Tolerance - R200 Million ▪ Min %: 0% Max %: 60%
Required actions in event of limit breach	▪ TMO reports to Group Treasurer for remedial action. ▪ TMO reports to FRSC immediately in advance of the FRSC meeting ▪ TMO determines if additional incremental hedging will bring the list within acceptable levels ▪ TFO determines if portions of the current hedge book should be restructured ▪ TFO develops a list of potential actions that can be taken showing the following for each option: – Economic value – Reduction in cash flow at risk – Cash flow required to initiate the strategy (option premiums, settlement costs, etc.) ▪ FRSC makes a recommendation to adopt a change in strategy and an emergency Audit and Risk Committee (via email, teleconference or in person) is held to approve this strategy change.

Overall financial risk exposure will be presented to the AUDIT and Board on a quarterly basis. It is the responsibility of the AUDIT, FRSC and management of SAA to ensure that market risk exposures are managed within the risk tolerance levels stated in the table above and approved by the Board.

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6.8. Non- Compliance of Limits

In event of non-compliance with any of the above limits, then the following actions would apply:

a) When the above limits are exceeded due to extraordinary circumstances, the Group Treasurer and/or CFO would make the decision to bring back into line, or take corrective action steps. In addition, all breaches must be reported to EXCO, AUDIT, and SAA Board.
b) When the above limits are exceeded through negligence, disciplinary action will be enforced according to the performance contract of the relevant personnel who have not complied with the policy.
c) All non-compliance with this policy will be escalated to the Board as they will be the ultimate decision-maker if any actions are required.
d) In any extraordinary circumstances then this should be brought to the attention of EXCO, AUDIT and Board.

When a risk exceeds the risk limit, defined actions are implemented to:

- Conduct additional analysis to identify what options are available to bring the risk back within acceptable levels
- Keep FRSC, EXCO and AUDIT informed of the situation and what actions are being explored to mitigate the situations. Depending on the nature of the solution that FRSC recommends, it must also require FRSC or AUDIT approval.
- The TWC will identify the situation and make the recommendation, and the FRSC will approve.
- If the remedial recommendation would require early closing or treatment of the existing hedge book, then the FRSC must provide approval.
- In order to ensure timely execution, a special minuted FRSC meeting should be conducted by members.

As noted in the previous section, Fuel and FX risks are evaluated within an integrated and correlated environment, while interest rate risk and counter-party risk are evaluated independently.

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7. COUNTERPARTY (CREDIT) RISK POLICY

Counterparty risk is the risk of an economic loss from the failure of a counterparty to fulfil its contractual obligations. Its effect is measured by the cost of replacing cash flows if the other party defaults. Credit risk involves the possibility of non-payment, either on a future obligation or during a transaction.

7.1. Objectives for credit risk in SAA

The objectives of managing counterparty risk are:

7.1.1. Avoid contracting with any party that is not of an acceptable credit standing.
7.1.2. Formulate evaluation criteria of potential counterparties.
7.1.3. Implementing monitoring measures and control processes for counterparty risk.
7.1.4. Protect the value of the initial investment.
7.1.5. Review all counterparties and counterparty limits on an annual basis.

7.2. Drivers of counterparty credit risk

7.2.1. Default which is a discrete state for the counterparty – either the counterparty is in default or not. This occurs with some probability of default **(PD)**

- **Default**, which is a discrete state for the counterparty – either the counterparty is in default or not. This occurs with some probability of default **(PD)**
- **Credit Exposure (CE)**, which is the economic or market value of the claim on the counterparty. It is also called exposure at default (EAD) at the time of the default.
- **Loss Given Default (LGD)**, which represents the fractional loss due to default. (As an example, take a situation where default results in a fractional recovery rate of 30% only. LGD is the 70% of the exposure)

Traditionally, credit risk has been measured in the context of loans or bonds for which the exposure, or economic value, of the asset is close to its notional, or face value. This is acceptable for bonds, but certainly not for derivatives, which can have a positive and a negative value. Credit exposure is defined as the positive value of the asset.

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SAA Group Counterparty Risk

SAA is exposed to a variety **of counterparty risks** as part of its normal business operations:

- **Investment Risk -** Cash balances and investments held in a range of local and offshore bank accounts, in a range of currencies, which form part of SAA's cash management and revenue collection infrastructure.
- **Credit Risk on Committed Funding Facilities** – SAA is dependent on funding in the form of leases and loans in foreign currency and Rand, mainly for the purchase of aircraft and Aircraft components. The volatility of the financial markets, SAA's financial standing and the difficulties experienced by the airline industry in general affect the availability of funding to airlines. Funding can sometimes be constrained to a limited number of counterparties at any given time. The underlying risk manifests in three forms:
  - SAA loses committed funding from a particular counterparty due to that counterparty defaulting on an existing funding arrangement.
  - SAA is unable to secure new funding at a particular time.
  - SAA loses assets deposited as security deposits, defeasance deposits, or cash collateral on funding structures.

Marginal Risk- The risk, that the counterparty is not in a position to fulfill its obligations according to the terms and conditions of the transaction, before settlement date, and the transaction has to be closed-out at a market value loss . This mainly arises from derivatives transactions when hedging positions have positive fair values for SAA.

- **Counterparties** are grouped in two major groups from a credit risk perspective:

- **Rated counterparties** - Local and international banking and financial institutions, which are rated by major ratings agencies, and whose financial information is audited, accurate and readily available.

  Unrated counterparties - SAA needs to deal with and hold bank accounts in various exotic locations (where there are sales points and stations) with local banking institutions that may not be rated and for which there is very little or no financial information available. **SAA is only allowed to** be exposed to counterparty risk in the form of operational cash balances held with unrated counterparties and

any surplus funds should be repatriated as soon as practically possible. No investments may be made with unrated counterparties without prior Board approval. SAA will only have an account with an unrated Bank if there is no alternative rated bank in that particular country.

Detailed counterparty risk management procedures are documented in the ***SAA Treasury Procedures and Control Manual***.

7.3. Rated Counterparties

The assessment of rated counterparties follows the guidelines as set out in the Treasury Regulations issued in terms of the Public Finance Management Act of 1999, as amended, section 31.3, with further refinements in the approach to scoring and ranking of approved counterparties.

7.3.1. Counterparty selection and ranking through credit risk analysis

A. Counterparty Selection

The minimum selection criteria for considering rated counterparties are:

- Minimum net worth of R1billion in developed markets in respect of the group to which the counterparty belongs (Counterparty risk is measured from the perspective of access to total group balance sheet in the event of a default, and is referred to as the counterparty "group" in this document).
- Minimum net worth of R500 million in less developed markets in respect of the group to which the counterparty belongs
- Minimum international long-term S&P credit rating of A- or equivalent for international counterparties, and a minimum Fitch A- (zaf) or equivalent national long term rating for South African counterparties.
- Minimum short-term international S&P credit rating of A-2 or equivalent for international counterparties, and minimum domestic Fitch national rating of F2 (zaf) or equivalent for South African financial institutions.

International Swaps and Derivatives Association

Appropriate International Swaps and Derivatives Association (ISDA) agreements must be signed with all counterparties before derivatives can be dealt. All credit facilities must be of a non-margined nature and no security will be given to counterparties. No credit support agreements will be signed with any counterparties without the written approval of the SAA Board. There should be no Credit Support Annexures entered into

7.3.2. Establishing of maximum overall limit per institution

SAA's total credit appetite should be allocated proportionately to the counterparty rankings awarded and in conjunction with the limits set out in policy on maximum overall exposure to individual institutions.

Funding facilities are not included in the overall credit limit, since these transactions are approved by the Board as a package that includes the proposed counterparty, type, and amount of funding involved. Defeasance and aircraft security deposits are regarded as part of the funding facilities originally approved by the SAA Board and do not form part of SAA's counterparty limits. The maximum overall limits per counterparty, for investment and marginal risk, are determined as the minimum of two limits:

Table 11: Tier 1 Limit - Maximum overall limit based on net worth

Counterparty	Criteria	Maximum limit
Approved South African Financial institution	Net worth of R1 Billion or greater for the group	Max limit of 6.5% of net worth multiplied by its percentage credit score
Approved International Financial institution	Net worth of R5 Billion or greater for the group	Max limit of 1.5% of its net worth multiplied by the credit score.
International Counterparties	A limit cap which is equal to the average credit limit of approved domestic financial institutions is applied to international counterparties.	

An exception that will be allowed is in respect of the international banker of SAA where the maximum limit for this counterparty can be higher than the average explained above but will be restricted to the highest of the domestic counterparty limits.

- (Counterparty risk is measured from the perspective of access to total group balance sheet in the event of a default, and is referred to as the counterparty "group" in this document).

Table 10: Selection Criteria

Minimum Selection Criteria	Net worth
Developed Markets in respect of the group to which the counterparty belongs	Minimum net worth of R1 Billion
In less developed markets in respect of the group to which the counterparty belongs	Minimum net worth of R500 Million
For international counterparties, For South African counterparties.	Minimum international long-term S&P credit rating of A- or equivalent and a minimum Fitch A- (zaf) or equivalent national long term rating.
For international counterparties, and minimum domestic Fitch national rating of F2 (zaf) or equivalent for South African financial institutions.	Minimum short-term international S&P credit rating of A-2 or equivalent

Lower credit ratings and net worth values for international counterparties will only be allowed in exceptional cases in respect of **operational** bank accounts, where a business decision necessitates the opening of bank accounts at these counterparties for security and operational reasons.

Surplus funds will be kept for a maximum period of one week and then cleared to the concentration accounts. The only exceptions allowed in terms of the weekly clearing of bank balances to concentration accounts, are in instances where foreign currency restrictions in certain countries prohibit and or delay such actions.

B. Counterparty credit scoring and ranking

SAA credit scoring methodology is to score the domestic banking institutions and the international banks separately (for example local banks are scored on local ratings and international banks on international ratings). Credit scores will be calculated using a range of ratings parameters and financial parameters which are inputs into the SAA Credit Risk Model.

Table 12: Tier 2 limit - Maximum overall limit as a percentage of total notional volume of SAA's exposure:

Credit Rating	Counterparties	Exposure
AA+ or better rating	All counterparties	Maximum of 30% of SAA's total exposure expressed on a nominal basis
Between A+ and AA	All counterparties	Maximum of 20% of SAA's total exposure expressed on a nominal basis can be with any one of these counterparties
A and A-	All counterparties	Maximum of 10% of SAA's total exposure expressed on a nominal basis can be with any one of these counterparties

This two-tier limit system provides additional protection to a simple 1-tier system based on net worth, and also ensures a prudent spread of exposure between approved counterparties which is scaled to SAA's overall credit appetite at any point in time.

Treasury may spread counterparty limits per institution between marginal and investment risk limits per counterparty as long as the overall limit per counterparty remains within the overall Board approved limit for that counterparty.

No employee of SAA or any other associated entity may disclose any details relating to counterparty credit scores or counterparty limits to any other counterparty.

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7.3.3. Investment Limits per Investment Instrument

The following limits apply in terms of investment instruments used when investing free cash:

Table 13: Investment Instrument Limits

Investment Instrument			Duration	Investment limit as % of cash
Cash bank balances			Overnight	100%
Call deposits			Overnight	100%
Fixed Deposits and tradable Money Market investments	Onshore (ZAR)		duration<1 week	100%
		Offshore	1 week<duration<1 month	75%
			1 month<duration<3 months	50%
			3 months<duration<12 months	25%
Cash balances held with Shareholder(if any)			Duration<12 months	100%

7.3.4. Monitoring of counterparty exposures against approved limits

Exposure will be monitored against limits on a daily basis by TMO; and any breaches against limits will be reported by TMO to CRO, CFO, FRSC, and AUDIT and Risk Committee.

7.3.5. Process for Reporting Breaches in Counterparty Limits

Any breaches must be reported daily from date of breach until the breach has been rectified, by TMO via a memo / email to the CRO, CFO, National Treasury, and advised in submissions to FRSC and AUDIT and Risk Committee by TMO.

- Breaches can be rectified through:
  - Increasing the counterparty limits, by following the normal processes of approvals (in the event of capital injection of cash), or:
  - Reducing the exposure with the particular counterparty.

7.3.6. Regular review of Counterparty risk and limits

Counterparty credit risk is re-assessed on an annual basis through a complete review of the Counterparties and the Counterparty Limits, by TMO. On a quarterly basis, a detailed Credit Risk Report is submitted to the FRSC, AUDIT and Board. However, the market is monitored continuously for changes in credit ratings, financial position and outlook.

7.3.7. Assessment of instrument based on liquidity requirements

All investment instruments and all other financial instruments must fall within the list of approved instruments as stipulated in the Financial Risk Management Policy Section 14. Any new instruments must go through an approval and vetting process before they can be utilised. Liquidity requirements, based on the updated SAA cash flow forecast are considered before entering into the transaction to ensure the availability of cash as and when required.

7.4. Unrated Counterparties

These counterparties are in less developed markets where there are no other rated banks that are able to fulfil SAA's transactional banking requirements. The only purpose of transacting with these counterparties is to have available operational bank accounts for collecting revenues and paying operational expenses. All surplus funds collected by operations in these accounts are to be repatriated as soon as practically possible to the SAA concentration accounts.

Minimum required operational balances are maintained, except where the regulatory constraints on repatriation require that funds may only be repatriated after approval has been obtained from the relevant authorities. This risk must be highlighted as part of the original request for approval for the opening of a new route and/or station when sought from the Board. SAA Group Treasury should be consulted on the risks and operational constraints related to cash management requirements of proposed new operations before Board approval is sought for opening a new route and/or station.

In considering the inclusion of any new unrated counterparties, SAA Treasury will apply best efforts to first find a suitable rated counterparty as alternative, but failing that, SAA will do an enquiry with established rated bankers to try and ascertain if any relationship exists between the proposed unrated bank and the established rated bankers. A detailed motivation needs to be done to AUDIT before any bank accounts can be opened with new unrated counterparties.

SAA will assign a limit equal to minimum working capital requirement up to a maximum limit of R 5 Million per unrated counterparty. Limits assigned to unrated counterparties will be for operational balances only and no investments other than call investments are permitted with these counterparties.

Failure to perform on settlement can be caused by counterparty default, liquidity constraints or operational problems. Most of the time, settlement failure due to operational problems lead to minor economic losses, such as additional interest payments.

The two tier counterparty limit system described above, specifically the Tier 2 overall limit which reduces the exposure to any one counterparty to 30% of overall exposure, has the additional advantage of reducing concentration risk on the overall portfolio on any maturity date with any given counterparty.

Where new funding structures and other financial obligations are entered into which may require SAA to make large payments to one or more counterparties on any one given maturity date, the settlement risk must be highlighted as part of the original approval for the transaction sought from the Board.

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7.4.1. Noncompliance of Counterparty Risk and Limits

Non compliance to these limits will be reported to the Group Treasury, CFO, CRO, FRSC, and subsequently to the AUDIT and the Board if not brought back into line within 1 week of exceeding the limits. The process as indicated under section 4.16 will apply.

In event of non-compliance to any of the above limits, then the following actions would apply:

a. When the above limits are exceeded due to extraordinary circumstances, the Group Treasurer and/or CFO would make the decision to bring back into line, or take further necessary steps, such as informing EXCO, AUDIT, and SAA Board for further remedial actions.
b. When the above limits are exceeded through negligence, then disciplinary action will be enforced according to the performance contract of the relevant personnel who have not complied with the policy.
c. All non-compliance with this policy will be escalated to the Board as they will be the ultimate decision-maker if any actions are required.

- Where there are changes to these parameters, TMO must perform a credit review as per the guidelines set out in this policy and the procedures set out in the procedures document. The FRSC is allowed to reduce Board limits when the financial position of the counterparty has deteriorated and needs to be reported to AUDIT and the Board at the first available meeting for ratification.
- Where there are changes to these parameters, TMO will inform the TFO of a change in the credit status and overall limit of the counterparty.
- The TFO will immediately reduce exposures to mitigate credit risk and report this to the CRO, CFO, FRSC, AUDIT and the SAA Board.

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8. CASH MANAGEMENT AND LIQUIDITY RISK MANAGEMENT POLICY

Cash and Liquidity risk is the risk of not being able to generate sufficient cash to honour financial commitments. In essence liquidity risk is the result of a weak capital structure, which has insufficient resources to provide cash to cope with unexpected events. Cash flow management is therefore crucial to liquidity risk management.

Minimum cash balances must be maintained at operating level, to ensure efficient use of liquidity and access to debt at a group level. The cash management structure must be reviewed and modified where appropriate or at least on an annual basis, to ensure that it remains relevant to SAA's cash management needs.

8.1. The objective of Cash Management and liquidity Risk Management

The Cash Management and Liquidity Risk Management Policy is aimed at ensuring that SAA:

- Is managing its cash resources optimally
- Has sufficient funds to meet its budgeted financial obligations
- Has established prudent limits on the percentage of debt that can mature in any one financial year
- Is investing any cash surpluses in an appropriate and authorised way.
- Has a sufficient facility in place to provide its required forecast liquidity requirement.

8.2. Cash Management and liquidity Risk Management Principles

The principles for cash and liquidity management at SAA are as follows:

1. The domestic transactional banking relationships must be reviewed **every 5 years**. SAA Treasury is responsible for the recommendation of bankers for SAA, and the SAA Board through the SAA Bid Adjudication Council (BAC) and the normal tendering process must be followed for the appointment of bankers.

2. Internationally SAA does not have one preferred transactional banker. Due to the geographical spread of SAA's international (regional and international) operations, the international transactional business is spread across many banks. Ranked in order of largest to smallest cash balances held at any point in time, 90% of SAA's offshore accounts are shared by Citibank, Standard Bank, Stanbic, Standard Chartered Bank and Ecobank.
3. All **requests** for the opening and closing of bank accounts and the **management of** bank account signatories are to be reviewed and controlled by SAA Treasury.
4. Where there is a valid and reasonable request to open or close bank accounts, this will be approved by the normal approval process as defined in the Delegation of Authority document (DOA).
5. The approval for any account signatories is defined in the SAA Board approved Delegation of Authority document (DOA).
6. In the DOA this particular activity is delegated to the CFO, in other words, the CFO appoints signatories and approves the opening and closing of accounts (Group A comprises of EXCO members only and Group B their direct reports).
7. Sweeping / Pooling of account balances must be put in place wherever possible. Other operational balances are monitored as per the operations manual and managed by individual cash managers (International / Domestic).
8. Cash Management structure responsibility resides with the Group Treasurer and HOD Cash Management.
9. Detailed cash flow planning and forecasting (short, medium and long term) must be conducted and the accuracy of planning and forecasting and variances between the annual budget, cash flow forecasts, and actual cash flows must be analysed and managed. The treasury will consolidate 12-month rolling forecasts (and up to 18 months where required), based on forecasts submitted by the HOD Management Accounting and Reporting for the purposes of managing liquidity risk. In the absence of these, due to unforeseen circumstances, the best estimates are to be used.
10. Prudent cash management practices must be implemented; including the use of a centralised, pooled cash management bank account structure and systems, and the maintenance of minimum cash balances at operational level.
11. All SAA group companies are included in the group cash management structure and form part of the cash and liquidity management practices of SAA.

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12. Cash and liquidity management will take into account the medium to long term funding plans of SAA as developed by the Group Treasurer.
13. SAA will at all times endeavour to have access to liquidity facilities that sufficiently cover SAA's latest budgeted/forecast and "worst case" liquidity requirements (as determined by stress testing the budget/forecast) over a 12 month rolling period.
14. The following steps to be taken when liquidity funding is required:
    - 14.1. Funding from concentration account. (in the operations manual).
    - 14.2. Cash available in the offshore accounts will be repatriated and converted to ZAR in order to meet the company's obligations.
    - 14.3. Short-term banking facilities will be utilized.
    - 14.4. Other funding mechanisms will be sought inclusive of Shareholder funding.

Detailed cash management and liquidity risk management procedures are documented in the ***SAA Treasury Procedures and Control Manual***.

Positive balances in restricted currencies (where SAA is unable to repatriate funds due to exchange control restrictions) should be excluded from the calculation of the overall liquid cash position, but must be included in overall cash position and counterparty risk exposure reports.

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9. INVESTMENT LIMITS FOR SAA PERSONNEL

Authority limits for individual personnel must be realistic and appropriate to the numbers of staff available to undertake financial market transactions as well as the "normal" size of such transactions. The role of Treasury is to ensure sufficient liquidity to meet short-term obligations of the Airline. This requires that funds be available and that authority be granted to invest surplus funds in short term instruments that can be easily and quickly liquidated. This will ensure appropriate management of imbalances between cash inflows and cash outflows caused by the operating cycle.

Limits for offshore investments are based on average peak working capital required and South African Reserve Bank (SARB) approval to keep working capital offshore. SAA has SARB approval to hold a maximum of 3 months working capital offshore.

Table 14: Investment limits for SAA personnel

	Maximum investment amount per Day		Maximum duration of investments	
Individual	Onshore	Offshore	Onshore	Offshore
CFO	Amount > ZAR 2,000 Million	Amount > USD 500 Million	3months <duration <12 months	< 3 months
Group Treasurer	Amount < ZAR 1,000 Million	Up to USD 200 Million	<6 months	< 3 months

The authority of the Group Treasurer to make the above investments should be further sub-delegated to the appropriate treasury dealers with further restrictions in terms of limits and duration as part of the treasury dealer mandates.

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10. FUNDING POLICY

The strategic funding objectives are:

- Optimization of the Group's capital structure;
- Reduce SAA reliance on Government Guarantees;
- Diversify funding resources;
- To minimize re-pricing risk;
- To minimize the finance charge impact on the income statement;
- Manage foreign currency exposures; and
- Improve the Group's liquidity position.

In terms of section 66 of the PFMA schedule 2 public entities may only borrow money and or issue guarantees through the accounting authority, which is the SAA Group Board. The accounting authority may not delegate this without prior written approval from the Minister of Finance (Shareholder – National Treasury).

The funding policy provides a framework for the procurement and use of all funding sources for SAA, within the requirements of the broader financial risk management policy as it pertains to liquidity risk management, interest rate risk and cash management activities, in order to ensure the availability of cash resources to meet SAA's short, medium and long term commitments.

SAA Group Treasury function will be responsible for arranging all funding, through which the financing requirements of SAA and its subsidiaries must be satisfied. This includes asset-based finance where the financing is done for a specific asset and/or where the specific asset serves as security for capital providers. No subsidiary will be allowed to arrange aircraft financing and similar facilities directly with external parties, without consultation with the Fleet Committee. Negotiations may be entered into with the Group Treasury, Fleet Management and Finance Departments of SAA regarding the terms and conditions of inter group financing e.g. duration and interest rate.

Group Treasury, Fleet Management and Finance must be updated with any changes in the fleet by Network Planning in order to manage the funding and financing effectively and efficiently.

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All funding structures contemplated by the Group Treasury Department should be tabled at the FRSC to ensure that all exposures are included in the FRSC and AUDIT assessments of overall risk, and that the Group Treasury Department receives financial risk management input from these committees.

No tax aggressive funding structures will be considered unless prior approval is granted by Board.

10.1. The Funding Plan

Group Treasury and Finance must present an annual Borrowing / Funding plan to the AUDIT and to SAA Board, for approval, in which it outlines the Asset and Liability Management (ALM) position and any existing or anticipated funding issues related to the acquisition of assets, the refinancing and redemption of existing funding facilities, or the retirement or disposal of assets linked to existing funding structures. The funding plan is included in the budgeting process to ensure alignment of overall financial planning.

The Borrowing / Funding plan is developed as part of the budgeting and forecasting process, and must be included in the 3 Year Corporate Plan, and related cash flow forecasts and contains the following:

- Expected funding requirements of the airline for the next financial year
  - Operating expenditure
  - Capital expenditure
  - Redemptions
  - Refinancing of existing and maturing loans and leases
- Funding Strategy and sources of funding for the next financial year
  - Internal funds – working capital surplus
  - Internal reserves
  - External funds and facilities available
  - Sourcing of additional funding, if the above are insufficient
  - Funding mix

10.2. The Funding Model

A long-term funding model must be reviewed and maintained on a regular basis in order to provide a tool for determining and analysing the impact of strategic planning and budgeting decisions and funding options available, on the funding and liquidity requirements of the airline. The long term funding requirements and decisions also ultimately feed back again into long term planning and strategic management of the airline.

The funding model must present both a cash based view of the airline for the purposes of determining long-term funding, and also a balance sheet based view for the purposes of ratio analysis and solvency testing (going concern).

The Finance Department is responsible for the review, updating and maintenance of the funding model. The oversight responsibility lies with the Group Treasurer and the CFO.

10.3. Short-Term Funding

10.3.1. Short-Term funding purpose

The purpose of the shorter term funding focus is to ensure that SAA:

- Limits the counterparty and concentration risk (which manifests as a loss of liquidity sources) associated with using a small number of funding and aircraft financing counterparties;
- Treasury and Finance to maintain good relationships with the banking and financing market and the key role players.

In practice Group Treasury will always borrow where it can obtain the cheapest funding and ensure that there is sufficient liquidity facilities available to switch funding when required.

The Board approved limit of total uncommitted banking facilities negotiated and accepted by the FRSC is set at **R2.5 BN.** The term of such banking facilities may not be longer than 12 months.

10.3.2. Long-Term funding purpose

The duration for long term finance is considered at periods longer than three (3) years. The objective of the longer term funding focus is:

- To consider longer funding terms to reduce re-pricing risk;
- Consolidation of debt where possible through longer term debt finance from various financial institutions;
- Engage with various institutions and SOC's that are mandated to fund the aviation sector with working capital or project specific finance;
- To only consider foreign funding if the cost, inclusive of exchange risk cover is less than available local funding;
- Design appropriate funding structures (maturities, fixed vs. floating, and where possible, local vs. foreign currency);

10.3.3. Aircraft and Engine Financing

Aircraft financing is typically conducted using specialised finance transactions, which are structured through a Bankruptcy Remote Special Purpose Vehicle (SPV) that further syndicates the debt to a range of possible lenders. The SPV itself is simply a legal entity with an administrator and a single asset offset by the financing structure. In addition to the above, aircraft financing facilities tend to be concluded a short time before delivery of the aircraft and then become fully drawn when the aircraft is delivered.

SAA management – Fleet Management, Group Treasury and Finance must apply utmost care on a continuous basis in the process of managing the continued availability of aircraft financing arrangements.

- To keep abreast with changes in the Fleet Plan and Net Work Plan;
- Working capital requirements to meet cyclical downturns in trading conditions in the aviation market;
- Group Treasury, Fleet Management and Finance to maintain good relationships with the aircraft financing market and the key role players.

11. INTEREST RATE RISK POLICY

Interest rate risk is the exposure of an institution to increased financing cost due to the adverse movements in interest rates. The majority of SAA's interest rate risk exposure occurs as a result of the airlines aircraft financing activities and cash borrowings, and is therefore situated in the aircraft loans and leases portfolio and investment and borrowing portfolio of SAA. Currently SAA is not hedging any Interest rates.

The objectives of managing interest rate risk are to:

- Reduce cost of capital;
- Design appropriate funding structures (fixed vs. floating, and local vs. foreign currency);
- Minimizing the effect of interest rate volatility on SAA's financing expenditure;
- Manage the ratio of floating rate exposures to fixed rate exposures;
- Obtain optimal investment returns on surplus cash, whilst ensuring that credit risk is managed;
- Ensure that appropriate levels of liquidity are maintained, while remaining within the guidelines set by this policy;
- Ensure efficiency by restructuring interest rate exposure as and when necessary.

Sources of interest rate risk at SAA

- Yield curve (absolute interest rate levels and shape of yield curve)
- Basis risk
- Re-pricing and rate resets on existing leases and loans
- Optionality embedded in leases and loans

11.1. Interest Rate Risk Environment

Interest rate policy and strategy should be developed taking into consideration the prevailing interest rate environment for both domestic and international markets. For example, if interest rate exposures are fixed and the current environment is that of lower interest rates it makes sense to switch from fixed to floating if the cost of switching is acceptable. This switch should be done within approved interest rate exposure limits as set by this policy.

11.2. Fixed versus Floating Interest Rate Risk

Fixed interest rate exposures are often viewed as being less risky than floating interest rate exposures. If interest rates fall, an opportunity loss will be incurred on fixed interest rate commitments, because SAA will not benefit from the decrease in interest rates. Fixed rate interest rate exposures therefore carry as much risk as floating interest rate structures. An appropriate mix of fix and floating interest rate exposures takes into consideration:

- Macro-economic environment
- Airline specific business environment and revenue drivers linked to macro-economic and interest rate cycles
- Medium term planned cash flows
- Budgeted earnings and financing costs

11.3. Interest Rate Risk management policy

The following policies are set for interest rate exposures and risk management activities at SAA:

- Interest rate hedging is limited to those currencies where SAA has a direct exposure to interest rates in the same currency.
- Interest rate risk measurement shall take into account both the impact of changes in interest rates on the reported earnings of the airline over the short term and the economic value of the asset and liability mix of the airline over the entire maturity spectrum of the airline's asset/liability mix.
- Where SAA has the right to fix aircraft leases and loans with the original financier without the use of derivatives, SAA will give preference to this method over the use of derivatives provided that that the fixing rates achieved with financiers are market related rates.
- Hedge accounting must be applied to all interest rate hedges in terms of International Financial Reporting Standards (IFRS), for which the Accounting department will be responsible, where necessary.

SAA will include the impact of natural hedges in the business by matching the underlying interest rate characteristics of liabilities (loans) with the underlying interest

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rate characteristics of income as the result of normal business operations. It is recognised that it is important for SAA to retain the flexibility by retaining a proportion of floating rate funding structures in its portfolio. In addition, SAA's underlying business is positively geared towards economic growth and interest rate cycles and SAA should therefore retain a degree of this positive gearing by maintaining a significant proportion of floating funding structures in the long term portfolio. The above long term requirements should be balanced with the need for more certainty (by being more fixed) and the market outlook for interest rates, in the short to medium term.

Table 15: Authority to fix or hedge interest rates and the duration and fixed/floating ratio limits

Approval to Fix/Hedge	Tenure Limit	Portfolio Fixed/Floating Ratio Limits
Board	Duration> 6 years	None
AUDIT	3 years <Duration<=6 years	Floating % <=50% Fixed % >=75%
CFO and Group Treasurer	Duration<= 3 years	Floating % <= 50% Fixed % <= 75%

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12. FOREIGN EXCHANGE (FX) RISK MANAGEMENT POLICY

12.1. SAA's Foreign Exchange (FX) Exposure

The main objective of the FX risk management policy is to mitigate the potential for financial loss arising through unfavorable movements in exchange rates relative to the budget.

SAA FX risk arises from foreign revenue, foreign expenditure commitments, domestic revenues and domestic expenditure commitments.

SAA collects revenues in approximately 30 currencies other than ZAR, EUR, GBP and USD. The FX risk of minor and emerging market currencies cannot be practically managed at the local currency level, therefore the cash management structure rolls local currency balances up into hard currency pool accounts on a weekly basis.

Although correlations exist between different currencies from time to time, it should be noted that correlations sometimes break down over shorter periods of time (<12 months), which makes cross hedging impractical for shorter periods of time.

SAA will not enter into any off market trades or speculative transactions. The international currency markets are liquid and sophisticated enough to support any responsible SAA currency hedging activities in the individual currencies. FX exposures will be managed on a net basis at the hard currency level (i.e. in USD, GBP and EUR versus ZAR) after taking the following into consideration:

- Source currencies for revenue and costs (USD, GBP and EUR)
- Both direct and indirect foreign exposure.
  - Indirect foreign exposure is where SAA pays in ZAR, but the exposure is determined by using a USD price, for example jet fuel uplifted in South Africa
- Volatility of the Rand versus USD, GBP and EUR and the correlation between these currencies.

12.2. FX hedging Strategy and Objectives

The objective of the FX policy is to mitigate the potential for financial loss arising through unfavourable movements in exchange rates relative to the budget. SAA's exposure increases as and when the Capital and Opex expenditure budget increases.

Whenever possible SAA shall endeavour to eliminate any foreign currency risk exposures by entering into fixed RAND based contracts with both local and/or global based suppliers. Comparability of the cost of swapped Rand funding and pure local funding shall be done by SAA Group Treasury Department to ensure reasonability of pricing.

FX exposures are determined from the annual ZAR cash budget. FX risk will be monitored and managed under the following principles:

The NET FX position will be monitored on a monthly basis, by obtaining the net FX position in all the major currencies i.e. USD, EURO, GBP and JPY and other foreign currencies from the 12 to 18-month rolling cash budget and or directly from capital contracts. Both income and expenditure must be included when the net exposure is determined over a 12 to 18 month period to ensure full utilization of natural hedging.

All direct committed foreign currency exposures on a net base could be hedged up to 75% of 12 month rolling exposure basis (and 18 months where there is economic benefit for SAA).

In addition to the above principle, SAA will separate all highly probable FX cash flows from uncertain FX cash flow streams and be risk managed appropriately to reduce risk. All committed long term operating and financial leases should be risk managed separately.

SAA have long term USD denominated leases on the back of the sale and lease back transaction for the recent acquisition of the A320 aircraft and other operating leases. This exposes SAA to fluctuations in USD-ZAR; given ZAR as the main currency for SAA's revenues. In order to risk manage this exposure, SAA can lock-in the ZAR amount of these leases, by entering in to a long term cross-currency swaps to provide

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certainty of the ZAR cash flows needed to service the leases and ZAR cash flows could be customized further to match SAA's forecasted cash generation.

The hedging Strategy will be considered and approved by the FRSC Committee members and implemented by the Treasury Front Office.

12.3. FX Hedging Limits

SAA is seeking to ensure that it doesn't over hedge its FX exposure. To do this, SAA will ensure that it is accurately calculating its net FX exposure, as well as applying a declining maximum hedge ratio to account for the uncertainty in the exposure driven from event risk3. SAA's net cash flow forecast will be used to determine net FX exposure on a 12 month rolling forward basis.

The maximum hedge ratio is set on the basis of best practice as well as analysis of the validity of SAA's net FX exposure. The key objectives of the max hedge ratio are to avoid SAA creating long exposures and having outright FX positions exceeding its monthly net exposures. The calculation thereof is starting with a 95% certainty in the first month on a declining scale out to 12 months rolling. Although SAA received Board approval to hedge out to 18 months, only up to 12 month hedges have been transacted. See example below. This was determined and recommended by Oliver Wyman in 2009 – 2010.

Table 16: Maximum FX hedge ratios

[3] Event risk is defined as unpredictable events that are often driven by external factors (e.g. SARS, economic meltdown, etc.)

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Table 16: Maximum FX hedge ratios

Month forward	Max hedge ratio	Month forward	Max hedge ratio	Month forward	Max hedge ratio	Month forward	Max hedge ratio
1	95%	7	75%	13	55%	19	25%
2	90%	8	70%	14	50%	20	20%
3	85%	9	65%	15	45%	21	15%
4	85%	10	60%	16	40%	22	10%
5	80%	11	60%	17	35%	23	5%
6	80%	12	60%	18	30%	24+	0%

Table 17: Maximum FX Hedge Ratio Percentage Calculation

FX Month	Hedgeable ratio Hedge %
1	95%
2	90%
3	85%
4	85%
5	80%
6	80%
7	75%
8	70%
9	65%
10	60%
11	60%
12	60%
Max % ratio	**75%**

The above table reflects 12 months duration although the Treasury Analytical Model has been set at 24 months. However, SAA Treasury will transact hedges out to 12 months which will form part of the Base Strategy. When the treasury analytical tool recommends trading out to 24 Months, then this will become a change in the base strategy, which would then need to be approved by Audit and Risk Committee, and SAA Board Committee.

An evaluation of the accounting treatment is required prior to executing hedges beyond 12 months forward.

There will be instances when it is uneconomical to transact FX hedges because of cash availability and the pricing/availability of instruments in the marketplace. Hedge transactions will only be made if there is economic benefit that can be derived from a risk-return perspective4.

As such, a minimum hedge ratio is not required. However, after two consecutive months of no incremental hedging, or if the hedge ratio for any of the forward looking 12 months is zero, then the FRSC will be informed and decide if it is appropriate for SAA to continue with this level of hedging.

12.4. FX Approved Instruments

The following approved financial instruments in respect of foreign exchange transactions are allowed:

- Foreign currency spot transactions;
- Forward Exchange Contracts;
- Cross currency interest rate swaps;
- Foreign currency options and collars;
- Foreign Currency deposits and
- Foreign currency operational bank accounts.

In order to manage under and over hedging, its FX exposure, SAA will accurately calculate the net FX exposure, as well as applying a declining maximum hedge ratio to account for the uncertainty in the exposure driven from event risk[5]. SAA's net cash flow forecast will be used to determine net FX exposure on a 12 month rolling forward basis.

Hedge transactions will only be made if there is economic benefit that can be derived from a risk-return perspective[6]. Therefore, a minimum hedge ratio is not required but can hedge up to 12 to 18 month rolling FX exposures for uncertain FX exposures.

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[4] Economic benefit of hedging exists when cash flow at risk (CFaR) is reduced by more than the organization's economic profit (EP)

[5] Event risk is defined as unpredictable events that are often driven by external factors (e.g. SARS, economic meltdown, etc.)

[6] Economic benefit of hedging exists when cash flow at risk (CFaR) is reduced by more than the organization's economic profit (EP)

13. JET FUEL PRICE RISK MANAGEMENT POLICY

13.1. SAA'S Jet Fuel Exposure

SAA uplifts fuel in a number of locations across the globe, and that physical jet fuel prices are determined by a number of factors over and above the financial market prices of jet fuel, no single financial product is able to offer SAA 100% correlation with its underlying overall physical jet fuel price exposure.

Basis risk can be defined as the extent to which valuations for derivative hedges do not accurately reflect valuations for the underlying physical exposures, which they are designed to offset. SAA faces the following types of basis risk when hedging its underlying jet fuel exposure:

- Where there is no underlying market to hedge the jet fuel product price directly or the market does not extend as far forward as the hedging program requires;
- Where there is a timing/duration/geographical difference between the basis for the purchase of fuel from suppliers, and the periods covered by common hedging instruments. Financial instruments are typically quoted against a calendar month average or a monthly average between the 15th days of two subsequent months. In contrast to this, the underlying jet fuel is purchased, based on demand that is neither constant nor continuous throughout the month.

13.2. Jet Fuel Hedging Strategy and Objectives

The objective of the Fuel hedging policy is to mitigate the potential for financial losses arising through unfavourable movements in the commodity price such Brent price relative to the budget. SAA's exposure increases as and when the fuel uplift increases. Whenever possible SAA shall endeavour to eliminate any jet fuel risk exposures by entering into fixed RAND based contracts with both local and/or global based suppliers. Otherwise the Group treasury will manage the price volatility through financial derivatives to ensure reasonability of pricing stability in the short term.

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The objectives of managing jet fuel price risk are to:

- Reduce the volatility of jet fuel costs and the effect of this volatility on cash flows and earnings (i.e. price stability)
- Occupy a competitive position in the airline industry in terms of jet fuel price risk management, negating the competitive advantage that competitors derive from their jet fuel risk management strategies
- Utilize any backwardation in the energy forward curves to reduce future jet fuel costs
- Provide a protection buffer during times of elevated jet fuel prices

Hedge strategies will be dynamic over time as the strategy formulation process is designed to evaluate on a monthly basis the existing base strategy and alternatives strategies using the Treasury Analytical tool developed by Oliver Wyman in the context of past hedging decisions and current market conditions.
However, to ensure that strategies are not changing too frequently, a change process will be completed by FRSC to ensure that a change in strategy will yield materially different results.

The hedging Strategy will be considered and approved by the FRSC Committee members and implemented by the Treasury Front Office.

13.3. Approved Jet Fuel Markets

SAA will hedge exclusively using Over-The-Counter (OTC) swap and option markets and associated hedging instruments and will not use any exchange-traded instruments due to the margining requirements on exchange traded instruments that could create a cash drain on SAA.

Approved underlying products for hedging jet fuel exposure are:

- **Crude oil**: ICE Brent Crude Oil, and Western Texas Intermediate (WTI) Crude
- **Gas oil**: ICE Gasoil
- **Jet fuel**: Jet Kerosene FOB Arab Gulf, Jet Kerosene FOB CIF NWE, Jet Kerosene FOB Mediterranean (AVJET), Jet Kerosene US Gulf Pipeline, and Jet Kerosene FOB Singapore.
- **Product spreads**: Any purchased spread between the above approved products, which will convert a hedge from one product to another product which is more closely correlated to SAA's underlying exposure

No product may be used that has a 12 month historic correlation of lower than 80% with SAA's weighted average jet fuel price, using monthly average price data, or is expected to have an annual correlation of less than 80% over the period of anticipated hedging, at the time of entering into the hedge.

13.4. Jet Fuel Hedging Limits

SAA is seeking to ensure that it SAA doesn't over hedge its jet fuel exposure. A range of underlying market indices are used to price SAA's fuel across the globe, some of which are more liquid than others.

As such SAA will apply a two step process to set the maximum jet fuel hedge ratio over time. First, the amount of hedgeable volume[7] is determined (Step 1). Second, a declining scale is applied to account for uncertainty in the base exposure driven from event risk[8] (Step 2).

[7] Hedgeable volume is defined as the portion of SAA's uplift that is directly linked to liquid market indices that are approved and projected by SAA (per section 3 of the FRMP)

[8] Event risk is defined as unpredictable events that are often driven by external factors (e.g. SARS, economic meltdown, etc.)

Table 18: Step 1 – Determine the Hedgeable Volume

Step 1: Determine Hedgeable Volume	
INDEX	**PERCENT**
Arab Gulf	30%
MED	25%
N W E	10%
Rotterdam Barge	5%
Singapore	5%
US Gulf	5%
Hedgeable Volume	**80%**
Unhedgeable Volume	**20%**
Total Volume	**100%**

The Two-Step process – Step 1 - Hedgeable Volume and Step 2 – Declining scale

Table 19: Maximum fuel hedge ratios

	(a)	(b)	(a) x (b)		(a)	(b)	(a) x (b)
Month forward	Step 1	Step 2	Max hedge ratio	Month forward	Step 1	Step 2	Max hedge ratio
1	80%	95%	76%	13	80%	55%	44%
2	80%	90%	72%	14	80%	50%	40%
3	80%	85%	68%	15	80%	45%	36%
4	80%	85%	68%	16	80%	40%	32%
5	80%	80%	64%	17	80%	35%	28%
6	80%	80%	64%	18	80%	30%	24%
7	80%	75%	60%	19	80%	25%	20%
8	80%	70%	56%	20	80%	20%	16%
9	80%	65%	52%	21	80%	15%	12%
10	80%	60%	48%	22	80%	10%	8%
11	80%	60%	48%	23	80%	5%	4%
12	80%	60%	48%	24+	80%	0%	0%

The above table reflects 24 months duration because the Treasury Analytical Models have been set at 24 months. However, SAA Treasury will transact hedges out to 12 months which will form part of the Base Strategy. When the treasury analytical tool recommends trading out to 24 Months, then this will become a change in the base strategy, which would then need to be approved by AUDIT, and SAA Board.

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Calculation of the maximum Fuel Hedge percentage.

Table 20: Maximum Fuel Hedge Percentage Ratio Calculation

Fuel Hedge Ratios			Hedgeable Ratio
Month	Step 1	Step 2	1X2
1	80%	95%	76%
2	80%	90%	72%
3	80%	85%	68%
4	80%	85%	68%
5	80%	80%	64%
6	80%	80%	64%
7	80%	75%	60%
8	80%	70%	56%
9	80%	65%	52%
10	80%	60%	48%
11	80%	60%	48%
12	80%	60%	48%
Max % ratio	**80%**	**75%**	**60%**

An evaluation of the accounting treatment is required prior to executing hedges beyond 12 months forward.

There will be instances when it is uneconomical to transact jet fuel hedges because of cash availability and the pricing/availability of instruments in the marketplace. Hedge transactions will only be made if there is economic benefit that can be derived from a risk-return perspective9.

[9] Economic benefit of hedging exists when cash flow at risk (CFaR) is reduced by more than the organization's economic value (EV)

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14. APPROVED FINANCIAL MARKET INSTRUMENTS

SAA will only use vanilla instruments in the implementation of its risk management and hedging policy.

SAA will use one of, or a combination of, the following types of financial market instruments is for risk management purposes only:

- Investments - Call/Overnight Deposits, Fixed Deposits, Money Market Instruments (BA's, NCD's)
- FX – Spot, Forward Contracts, Vanilla Options (including Calls, Puts and Collars), Cross-Currency Swaps
- Commodity – Spot, Swaps, Vanilla Options (including Calls, Puts, Collars and 3-Way Collars), Synthetic Calls. Asian options are used for the fuel whereby the prices are averaged over a monthly basis.
- Interest Rates – Interest Rate Swaps, Forward Rate Agreements, Caps, Floors, Collars, Cross-Currency Swaps, bought Swaptions.
- Purchase of Certified Emission Reductions (CERs) and European Union Allowances (EUAs) for Carbon Emissions Trading – in Spot, Forwards, Call Options

FX put options will only be sold to structure collars or restructure the hedge book. Commodity put options will only be bought and/or sold to protect the existing portfolio against downside risk or to structure collars, 3-ways or restructure hedges.

SAA will only use Asian (average rate) instruments, for jet fuel hedging.

The settlement basis for all commodity financial hedge transactions will be cash settlement only, which includes cash settlement on any contract traded on an exchange.

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15. CARBON EMISSIONS RISK MANAGEMENT POLICY

15.1. The Scope of SAA's Carbon Emissions

Background provided – mainly because Carbon Emissions has been put on hold for the time being until 2016:

1. There is a growing "Green" awareness amongst industry and consumers, especially with Governments globally towards a post Kyoto Protocol framework to tackle climate change. G8 countries have reached a global consensus that carbon emission will be reduced by 50% in 2050.
2. The European Union took the lead with a 20% CO2 emission reduction by 2020 on a 1990 base, and a further 30% reduction if all international communities sign up.
3. The airline industry currently represents approximately 2% of the global carbon emissions which is likely to grow in line with demand for air travel.
4. The IATA Board of Governors prefers global industry approach and has set the following targets:
   - An average improvement in fuel efficiency of 1.5% from 2009 to 2020;
   - Set a cap on aviation CO2 emissions from 2020;
   - Reduction in CO2 emissions of 50% by 2050 relative to 2005 levels.
5. The European Union has expanded their directive to include Aviation in the EU Emissions Trading Scheme.
6. SAA has elected to comply under protest and has prepared verified emissions and benchmarking plans to the UK Authorities as required.
7. The EU Emissions module of Fuel Plus has been successfully upgraded to facilitate meeting the reporting requirements of the regulations efficiently and effectively including planning and reporting of credit allowance status.
8. SAA were allocated free allowances totaling 695,328 for the 2012 Calendar Year. In addition SAA Treasury purchased the EUA in 2012 to supplement the shortfall.
9. In the Interim the European Commission has stopped the clock on the EU ETS on 12 November 2012, exempting all intercontinental flights, pending the agreement of a global solution to cover the aviation industry. Only intra-EU flights will need to comply at this stage, of which SAA has had one diversion flight over the Euro space in 2012 and one in 2013.
10. Because SAA has derogated through being an intercontinental airline – SAA did not receive the free allowances for 2012, 2013 and 2014.

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11. While the clock has stopped on the EU ETS the airlines cannot afford to stand still in case the intercontinental flights are integrated back into the EU ETS in November 2013.
12. SAA Treasury and Fuel Management as part of the Carbon Emissions management will continue to comply.

15.2. Carbon Emissions Hedging Strategy and Objectives

The objectives of managing Carbon Emissions price risk are to:

- To mitigate the potential penalties for not being able to comply with the EU directive;
- To ensure that budget is provided annually for the purchase of carbon emissions in order that SAA is compliant with EU ETS;
- To manage the potential shortfall on carbon emissions effectively in order to reduce the carbon foot print of SAA;
- Therefore in the implementation of the hedging strategy SAA would accumulate Carbon Credits, through buying "Spot" EUA's on a monthly basis or once off in order to comply with the EU-ETS (European Union Emissions Trading System). The maximum amount would be the shortfall required.

15.3. Carbon Emissions Hedging Limits

SAA developed a 12-month budget for purchasing Carbon Credits in order to offset the Carbon emissions as part of Premium Spend on derivative hedges. This forms part of the annual budget process which is approved by Board. This amount includes the premium spent on both FX and Fuel derivative hedges.

Any liability incurred for the Carbon Emissions program would require being budget for. The maximum hedge limit for Carbon Emissions would be utilized from the Budgeted Spend which is calculated on an annual basis, based on the Carbon Allowances and the shortfall which is required to offset.

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16. REASONS FOR HEDGING

16.1. Reasons why SAA has considered a hedging programme:

Hedging is a method of reducing or protecting the company from the risk of loss caused by price fluctuations in a specific market or commodity. Normally this would consist of taking positions that off-set each other. It is also a method that introduces some form of certainty in an uncertain market to reduce risk.

The protection would normally be achieved in periods of volatility. Hedging, therefore is merely a form of insurance to limit both the upsides and downsides to provide greater stability.

16.2. Advantages and Disadvantages of hedging

Advantages:

- Introduction of certainty in prices and exchange rates
- Insurance mechanism to counter short-term volatility in the market
- Limit losses.

Disadvantages:

- Positive market movements can be eliminated
- Can be extremely costly
- Cannot hedge 100% of exposures
- Realization of losses – stop loss limits can be exceeded.

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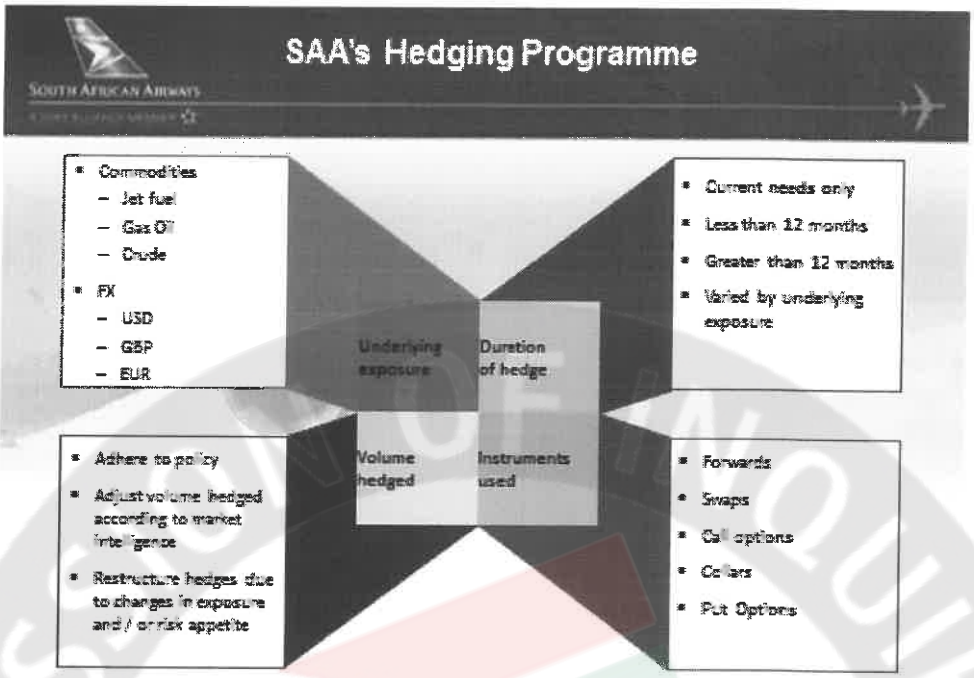
16.3. SAA's Fuel hedging programme



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17. RESTRUCTURING OF HEDGES

Hedges are entered into as risk mitigation strategies with the intention of holding the hedge positions to maturity and realizing the protection and / or reduction in the volatility objective for entering into transactions in the first place.

In practice the volatility of the financial markets and any fundamental changes in the market structure and / or the underlying business of SAA necessitates the flexibility of the SAA risk management strategy, and the ability to identify a set of transactions that brings the hedge book back in-line with stated hedge program objectives.

All hedge restructuring should be supported by a detailed business case. This business case will be prepared by the TWC and incorporate market context and price assumptions using the Treasury Group's analytical tools. While complying with all aspects of this policy, the most economical approach, between (a) holding to maturity, (b) unwinding and entering new forwards, and/or (c) offsetting positions using put options, should be applied.

17.1. Approaches to restructuring of hedges

The following approaches or strategies can be used to restructure the hedging transactions, which can be done either fractionally or in combination:

- Selling positions prior to maturity.
- Acquiring options to provide protection against further deterioration in the book.

17.2. Trigger Events

A number of events could trigger the need to restructure hedge positions, such as:

- Changes in the underlying exposure of SAA's business due to increases/decreases in revenues and costs due to changes in business risk.
- Fundamental shifts in market fundamentals or large moves in the financial markets.
- Changes in the risk appetite and/or risk philosophy of the SAA Board and the Shareholders of SAA.

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The AUDIT's approval will be required for the following:

a) any change from the Base Hedging Strategy, and

b) any proposal to close out the entire Hedging Portfolio positions which would in effect be restructuring the hedge book as a whole.

Any dynamic restructuring of the hedge book other than those in a) and b) above, and not deviating in any way from the approved Base hedging Strategy, will not require approval from the AUDIT and Board and may be executed with the sole approval of the FRSC.

The business case for restructuring the entire hedge portfolio would require a strong supporting rationale on a risk-return basis. This business case will be prepared by the TWC and incorporate market context and price assumptions using the Treasury Group's analytical tools.

While complying with all aspects of this policy, the most economical approach, between (a) holding to maturity, (b) unwinding and entering new forwards, and/or (c) offsetting positions using put options, should be applied.

17.3. Hedging Restructuring Decision Matrix

Table 21: Hedge restructuring decision

SAA has multiple options when considering restructuring its hedge book due to changes in market circumstances.		
(a) Hold to Maturity	(b) Unwind and enter into new positions	(c) Offset positions using Put Options
Do nothing, hold current positions until maturity.	Close out part of or all of the forward positions, realize the losses or profits immediately, and enter into new forward positions to maintain the current hedge ratio as required by the FRMP Policy.	Purchase Put Options as protection against further deterioration of the current hedge book.
The risk-return of the different approaches will determine how the hedge book is restructured.		

18. FINANCIAL RISK MANAGEMENT REPORTING

Financial risk reports serve as important decision-making tools for SAA's senior management. The Treasury function is responsible for preparing a range of risk reports on a daily, monthly and quarterly basis for the Financial Risk Sub-Committee (FRSC). Metrics such as marked-to-market, cash-flow at risk (CFaR), gross financial risk exposure and hedge strategy effectiveness[10], among others will be reviewed at different levels across SAA to ensure strong risk oversight and better risk-adjusted decisions.

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[10] Effective as demonstrated in figures 5 and 6

Table 22: Financial risk reporting structure

	CFaR	Fuel Cost and cash flow projections	Hedge Strategy Recommendations	Hedge Execution status reports	Risk Oversight Reports
BOARD			■Quarterly	■Quarterly	■Quarterly
AUDIT			•Quarterly	• Quarterly	• 4 x annually
EXCO			• Quarterly	• Quarterly	• 4 x annually
CFO					• Daily
FRSC	• Monthly		■ Monthly	• Monthly	■ Daily
Group Treasurer	■	•		■	
TWC	○	○	○	○	○
Report Contents	Provides a CFaR metric projected out 12 months. Reported against risk tolerance based limits; Used as an input into development / analysis of hedge strategies.	Provides current trade positions against approved strategies. Enables network to understand expected fuel costs after hedging activities to facilitate margin management.	Discussion of market context. Prepares a recommendation to either use the base strategy or adopt an alternate strategy; Identify needs for escalation	Incremental hedge execution – dealt vs. outstanding; Articulates rationale for timing of hedge execution	Provides a summary of CFaR, hedge recommendations, position reports. Provides additional information with regards to market trends and major market issues.

Legend: Responsibility for reports: ○ Prepare • Review ■ Approve / validate

In addition to the risk reports set out above, the Treasury Middle Office department will track and report the mark-to-market (fair value) of the FX and fuel hedge book on a daily basis. These reports will permit senior finance executives to understand the accounting implications of these hedges.

19. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

19.1. Background

The global airline industry typically reports in USD terms. SAA is required to report in ZAR terms under South African accounting standards, even though a large portion of SAA's revenues (45% offshore) and costs (jet fuel, capital expenditure, leases and loans) are directly or indirectly USD denominated. SAA is therefore exposed to the effects of the revaluation of derivatives and assets and liabilities that are created by fluctuations in financial markets, under the following accounting statements:

- IFRS 39 (IAS 39) - Financial instruments: Recognition and measurement
- IFRSC 32 (IAS 32) - Financial instruments: Presentation
- IFRS 21 (IAS 21) - Financial instruments: Effects of changes in foreign exchange rates
- IFRS 7 (IAS 7) - Financial Instruments: Disclosure

19.2. Guiding Principles

All hedging transactions should be designed to match the underlying exposure that is being hedged and tested to determine the potential accounting treatment on the company's Statement of Profit or Loss and Other Comprehensive Income. The following principles should be followed:

- The objective is to show the accounting effect of changes in fair value of unrealised derivatives;
- The potential volatility of the accounting treatment of hedging instruments should be considered when designing hedging strategies;
- All hedging strategies and decisions should be documented according to the requirements for hedge accounting under IFRS 9, including initial and ongoing effectiveness testing;
- The financial effect of hedging on underlying exposure and physical cash flows is deemed to be more important than the accounting effect of hedging transactions.

20. EMBEDDED DERIVATIVES

20.1. Definition

An embedded derivative is a derivative instrument that is combined with a non-derivative instrument that is combined with a non-derivative host contract to form a single hybrid instrument. The host contract might be a debt or equity instrument, a lease, an insurance contract or a sale or purchase contract. IFRS requires all freestanding derivatives, except for designated and effective hedging instruments, to be measured at fair value with all changes in fair value recognised in profit or loss.
IFRS requirements on embedded derivatives are designed to ensure that measurement at fair value cannot be avoided by embedding a derivative in another contract or financial instrument that is not carried at fair value.

An embedded derivative should be separated from its host contract and accounted for separately when its economic characteristics and risks are not closely related to those of the host contract, and a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative within the scope of IAS39/IFRS.

However, a derivative contained in a financial asset or liability that is carried at fair value through profit or loss is not separated, as changes in its value are included in the changes in the value of the combined instrument and hence are already reported in profit or loss.

20.2. Responsibility

Responsibility for identifying any embedded derivatives would be Finance together with the assistance of TMO. TMO will go through the process of identifying an embedded derivative by using a checklist specified on how to identify these instruments.
This identification of embedded derivatives checklist should be completed on a monthly basis by TMO
A copy of this checklist will go to the Finance Department. Both the TMO and Finance Department will sign off on this checklist.

The Finance Department, upon identification of the embedded derivative would have to apply the relevant accounting rules applicable for embedded derivatives.
Should there be no embedded derivatives, this will be stated on the checklist, and both TMO and Finance to sign off the checklist accordingly.

20.3. Treatment

The treatment of embedded derivatives will mirror the underlying exposure (e.g. FX and Fuel). TMO will need to identify the embedded derivative and the pass onto the Finance Department for the accounting treatment thereof.

20.4. Mitigation measures

Careful consideration must be given to the duration of the "embedded derivative" especially for the longer term transactions where there is uncertainty in the market.

21. HEDGE ACCOUNTING

SAA Status on Hedge Accounting:

SAA is currently not applying Hedge Accounting. Until such time as when SAA will be using Hedge Accounting, the guidelines will be reflected in the Appendix E.

22. TAX RISK POLICIES ON TREASURY MANAGEMENT ACTIVITIES

22.1. Objectives

Failure to address tax issues has caused major, if unpublicized, opportunity losses for corporations. While it is recognized that tax features strongly in many treasury decisions, access to treasury tax knowledge can be restricted and cooperation between the Tax and Treasury departments is vital.

Tax treatment can play an important part in the decision-making on the type of transactions to use for financial risk management purposes because tax legislation can present both financial risks and opportunities to SAA, and it is therefore important that the tax implications and treatment of all transactions are considered before entering into these transactions.

22.2. General Tax Risk Policies

The following general tax risk policies shall apply to all financial risk management activities at SAA:

- SAA will not enter into any structures that have a high probability of attack under the income tax legislation of any jurisdiction that it operates in.
- SAA will not accept any tax risk being transferred from the counterparty to SAA, other than those risks which would be considered normal in such contemplated transaction structures.
- The risk of future changes in tax laws making a structure less attractive than when it was initially entered into will be for the account of the counterparty, failing which SAA must have a cost-effective exit strategy, other than those risks which would be considered normal in such contemplated transaction structures.
- The tax consequences of the transaction must be assessed and quantified before any financing or hedging transaction is concluded.
- The SAA Tax department must sign off on all financing or hedging instruments to assess the tax implications thereof.
- The Tax department should review tax implications on all approved instruments – the tax treatment of forwards, options, collars will be the same for repeatable trades.
- The SAA Treasury department must ensure that any new instruments entered into should be brought to the attention of the tax department to assess any tax impact.
- The day to day treasury transactions and hedging transactions which are covered by the SAA's Financial Risk Policy, and where the instrument has already been reviewed by the TAX department, and are often repeated and the tax implications are well understood by Treasury and Tax Departments, these would not require explicit upfront Tax department sign-off before execution.

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- This policy is aimed at assisting with the practical execution of these transactions, and should not be used to circumvent the requirement for Tax department sign-off for out of the ordinary transactions or where there is any uncertainty in terms of the tax treatment/implications of an instrument.
- The funding plan should be formulated on a pre-tax and post-tax basis.
- SAA will not provide security or accept liability in respect of the tax risk in foreign tax jurisdictions outside of the Republic of South Africa, other than those risks which would be considered normal in such contemplated transaction structures.
- Any changes in tax legislation which may impact on SAA's financial risk management activities must be brought to the attention of treasury by the SAA Tax department.

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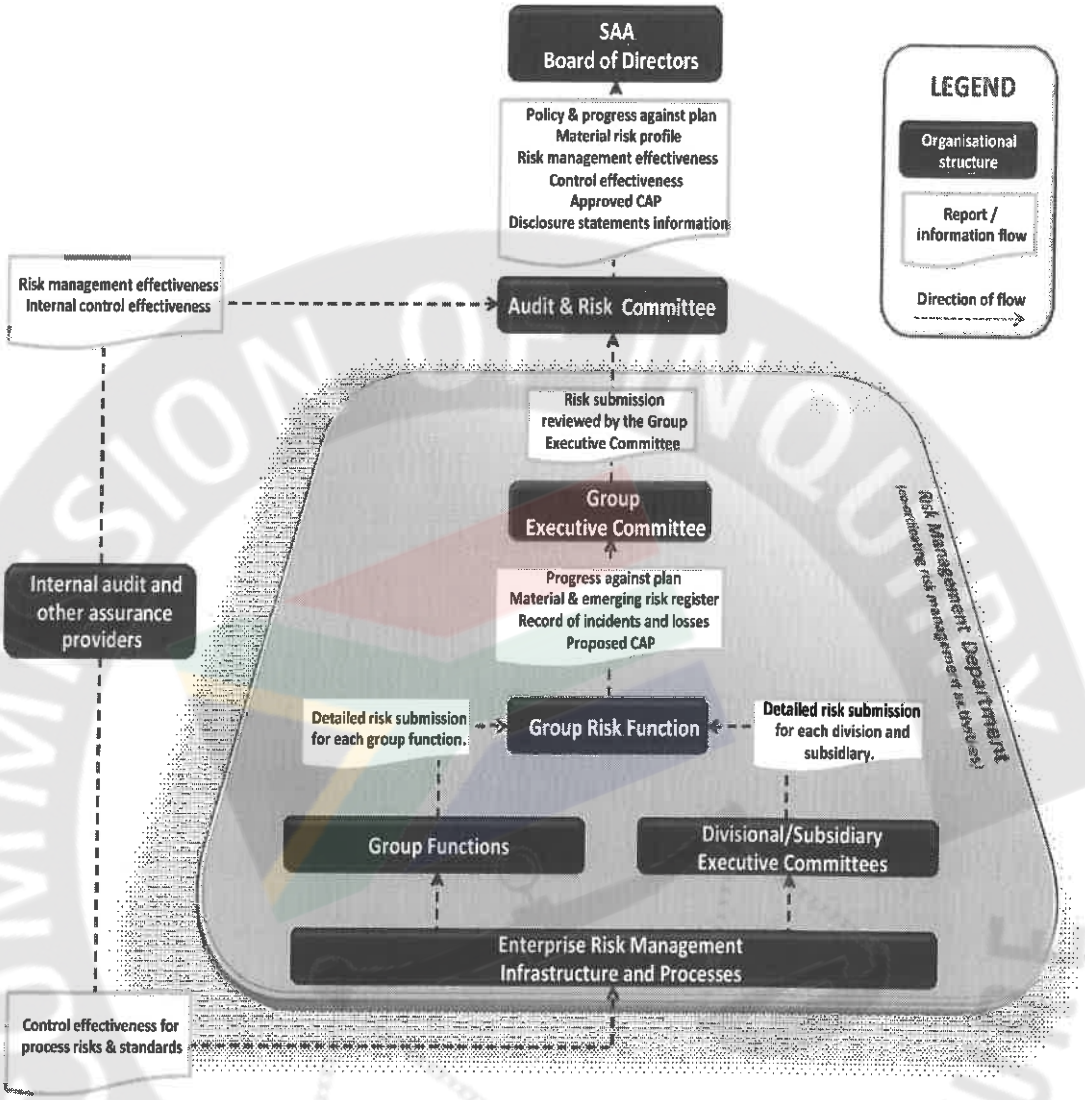
Appendix A. SAA Risk Governance Structure



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Appendix B. Risk Management Requirements of the PFMA

South African Airways is classified as a Schedule 2 (Major public entity) public sector entity under the Public Finance Management Act (PFMA). The Act does not provide specific guidance on the management of financial risk, but assigns a number of duties and responsibilities on the Board (defined as the accounting authority for SAA) and as such the following is expected of the Board and management in terms of managing risk at SAA (excerpts from relevant clauses of the Act are quoted below):

Chapter 6 – Public Entities

50. Fiduciary duties of the accounting authority
(1) The accounting authority for a public entity must-
(a) Exercise the duty of utmost care to ensure reasonable protection of the assets and records of the public entity;

51. General responsibilities of accounting authorities
(1) An accounting authority for a public entity- must ensure that the public entity has and maintains;

66. Restrictions on borrowing, guarantees and other commitments.
(1) An institution to which this Act applies may not borrow money or issue a guarantee, indemnity or security, or enter into any other transaction that binds or may bind that institution or the Revenue Fund to any future financial commitment, unless such borrowing, guarantee, indemnity, security or other transaction
(a) is authorised by this Act; and
(b) in the case of public entities, is also authorised by other legislation not in conflict with this Act; and
(6) A person mentioned in subsection (2) and (3) may not delegate a power conferred in terms of that subsection, except with the prior written approval of the Minister. ***(See Appendix D – Ministerial Approval PFMA Section 66.6)***

"Defining the risk tolerance of the company is a board responsibility" - King III

"The level of risk that an entity is willing to accept is a management decision – and there is no right answer to this question. One company's management will pursue a higher-risk strategy while another will pursue a lower risk strategy."
COSO's Enterprise Risk Management Framework, Frequently Asked Question

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Appendix C. Steps in calculating the maximum fuel hedge ratio

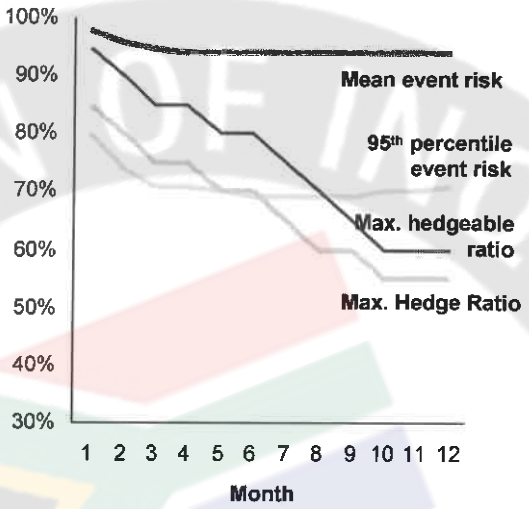
A sliding scale for event risk is applied to the hedgeable fuel and cash flow volume to determine the maximum hedge ratio

Figure 10: Max hedge ratio calculation

Step 1: Determine hedgeable fuel volume

Index	Percent
Arab Gulf	30%
MED	25%
NWE	10%
Rotterdam	5%
Singapore	5%
USG	5%
Hedgeable volume	80%
Unhedgeable volume	20%
Total volume	100%

Step 2: Reduce hedgeable volume to account for event risk



Max fuel hedge ratio results

Month	Step 1	Step 2	Max HR
1	80%	95%	85%
2	80%	90%	80%
3	80%	85%	75%
4	80%	85%	75%
5	80%	80%	70%
6	80%	80%	70%
7	80%	75%	65%
8	80%	70%	60%
9	80%	65%	60%
10	80%	60%	55%
11	80%	60%	55%
12	80%	60%	55%
13	80%	55%	50%
...	...	...	...
24	80%	0%	0%

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Appendix D. Ministerial Approval PFMA Section 66.6

Copy of Ministers Letter attached.

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Appendix E. Hedge Accounting

1. Hedge Accounting Definition and background

Hedging is the attempt to mitigate the impact of economic risks on an entity's performance. Many businesses will engage in hedging activity to limit economic risk. Hedging activity can be as simple as borrowing in a foreign currency where entity .has usual revenue stream in that currency. Many economic hedges will not meet the criteria to qualify for the special accounting treatment identified in IFRS as hedge accounting.

Hedge accounting modifies the usual accounting treatment of a hedging instrument and/or hedged item, so s to recognise their offsetting changes in fair value of cash values in profit or loss at the same time. Hedge accounting requires that a hedging instrument, normally a derivative, is designated as an offset to changes in the fair value or cash flows of a hedged item. Non-derivative financial instruments may be used as hedging instruments in certain limited circumstances.

A hedged item can be an asset, liability, firm commitment, highly probable forecast transaction, or net investment in a foreign operation that exposes the entity to the risk of changes in fair value or future cash flows and is designated as being hedged. A hedged item can be a single item or a group of items with similar risk characteristics.

The normal rules for financial instruments call for all derivatives to be carried at fair value with gains and losses in the income statement. Conversely, under normal accounting requirement, many hedged items are measured at amortised cost or at fair value with gains and losses recognised in equity, or (in the case of a hedged forecast transaction) are not recognised at all. This creates a mismatch in the timing of gain and losses recognition. Hedge accounting seeks to correct this mismatch by changing the timing of recognition of gains and losses on either the hedged items or the hedging instrument. This avoids the significant volatility that might arise if the gains and losses were recognised in the income statement under normal accounting rules.

2. Criteria to achieve hedge accounting

Hedge accounting is an exception to the usual rules for financial instruments. Therefore there are strict criteria that must be met before it can be used. Management must identify, document and test the effectiveness of those transactions for which it wishes to use hedge accounting. The specific requirements are:

a) The hedged item and the hedging instrument are specifically identified;
b) The hedging relationship is formally documented
c) The documentation of the hedged relationship must identify the hedged risk and how the effectiveness of the hedge will be assessed;
d) At the inception of the hedge, the hedge must be expected to be highly effective;
e) The effectiveness of the hedge must be tested regularly throughout its life. Effectiveness must fall within a range of 80 to 125% over the life of the hedge.

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This leaves some scope for short-term ineffectiveness, provided that overall effectiveness falls within this range.

f) One to one designation is normally required between a single external asset, liability or forecast transaction and a single external derivative instruments; and

g) In the case to achieve hedge of a forecast transaction, the forecast transaction must be "highly probable".

3. Hedge Items

Hedge accounting can be applied to qualifying hedged items. A hedged item must create an exposure to risk that could affect the income statement currently or in future periods. The usual types of risks that are hedged include foreign currency risk, interest-rate risk, equity-price risk, commodity price risk and credit risk. Portfolio hedging that is hedging the open position arising from a number of similar hedged items is difficult to achieve. Designating a net open position as a hedged item is not permitted.

Any financial asset or liability that creates exposure to risk can be a hedged item with two specific exclusions. First, held-to-maturity investments cannot be hedged items for interest-rate risk. Second, investments in subsidiaries or associates that are consolidated or measured using the equity method cannot be a hedged item in a fair value hedge. However, the net investment in a foreign entity can be hedged.

4. Hedge Accounting Models

There are three types of hedge accounting recognised by IFRS, fair value hedges, cash flow hedges and hedges of the net investment in a foreign operation. Each has specific requirements on accounting for the fair value changes.

a) Fair Value Hedges

The risk being hedged in a fair value hedge is a change in the fair value of an asset or liability or unrecognised firm commitment that will affect the income statement. Changes in fair value might arise through changes in interest rates (for fixed-rate loans), foreign exchange rates, equity prices or commodity prices. The impact on the income statement can be immediate or expected to happen in future periods. A foreign currency borrowing that is translated at the closing rate would have the immediate impact on the income statement. An availability-for-sale equity security, where gains and losses are deferred in equity, would affect the income statement when sold or impaired.

b) Cash Flow Hedges

The risk being hedged is the potential volatility in the future cash flows that will affect the income statement. Future cash flows might relate to existing assets and liabilities such as future interest payments or receipts on floating rate debt. Future cash flows can also relate to future transactions such as forecast sales or purchases in a foreign currency, or the foreign currency exposure in an unrecognised firm commitment.

c) Hedge of Net investment in a foreign operation.

An entity may have subsidiaries that meet the tests and qualify for treatment as foreign operations of the parent. Exchange differences arising on consolidation

are deferred in equity until the subsidiary is disposed of. On disposal or liquidation they are recognised in the income statement as part of the gain or loss disposal. The net investment in a subsidiary including any related goodwill can be hedged with a foreign currency borrowing or a derivative. The fair value changes of the hedging instruments, if effective, are deferred in equity until the subsidiary is disposed of, when they become part of the gain or loss on disposal.

The hedging instrument for a net investment hedge, in order to be effective, will almost always be denominated in the foreign operation's local currency.

5. Hedge Effectiveness

A hedge is regarded as highly effective only if both of the following conditions are met:

At the inception of the hedge and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated, and
The actual results of the hedge are within a range of 80 – 125 percent.

When a hedge fails the effectiveness test, hedge accounting is discontinued prospectively. Hedges seldom, if ever are perfectly effective. Any hedge ineffectiveness, even if the hedge continues to be considered effective overall, must be recognised in income in the current period. Hedge ineffectiveness can arise from a number of reasons. For example, the hedged item and the hedging instrument may:

- Be in different currencies
- Have different maturities
- Use different underlying interest or equity indices;
- Use commodity prices in different markets; or
- Be subject to different counterparty risks;

Careful definition of the hedged risk and the components of the hedging instrument are the best ways to improve hedge effectiveness.

6. Discontinuing hedge accounting

Hedge accounting shall cease prospectively when any of the following occurs:

- A hedge fails the effectiveness tests;
- The hedged item is settled
- The hedging instruments are sold, terminated or exercised;
- Management decided to revoke the designation; or
- For a cash flow hedge, the forecast transaction is no longer highly probable;

Hedge accounting ceases prospectively from the beginning of the period in which the hedge fails the effectiveness test. All further fair value changes in a derivative hedging instrument are recognised in the income statement. Future changes in the fair value of the hedged item, and any non-derivative hedging instruments, are accounted for as they would be without hedge accounting.

Gains or losses arising in the effective period of a cash flow hedge will have been recognised in equity. These gains remain in equity until the related cash flows occur. Where a forecast transaction is no longer highly probable but still expected to take place, previous gains continue to be deferred. However, once a forecast transaction is no longer expected to occur, any gain or loss is released immediately to the income statement.

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Appendix F. Glossary of Terms

Term	Definition
AUDIT	▪ Audit and Risk Committee
Alternative strategy	▪ Hedge strategy that differs from the current base strategy. Viable alternatives include those that provide greater return per unit of risk
Base strategy	▪ Current hedge strategy followed by Treasury, including the target allocation of hedge instruments and hedge ratio
Basis risk	▪ The risk created by hedging one financial exposure with a correlated, but different financial exposure. The imperfect correlation between the two products creates the potential for excess gains or losses in a hedging strategy
Bought call option	▪ A financial contract that gives the holder the right (but not the obligation) to buy the underlying asset (e.g. currency, commodity) at a specified price within a specific time period
Cash flow at risk (CFaR)	▪ The net cash flow difference between the mean of the net exposure distribution and 5th percentile of the simulated cash flow results
Cash management and liquidity risk	▪ The risk stemming from the lack of marketability of an investment that cannot be bought or sold quickly enough to generate required cash flow
CDM	▪ Clean Development Mechanisms
CERs	▪ Certified Emissions Reductions – Emissions credits generated by CDM projects. In EU emissions trading, CERs may be used to comply with mandatory emission reductions in the second and third period of trading to a maximum limit of 22%
Collar	▪ Simultaneously entering into two legs of a transaction, one of which caps the price, the other of which puts a floor on the price. A collar consists of buying a call option (cap) and selling a put option (floor). The premium earned by selling the put option can be used to finance a portion (or the entire) cost of the call option
Commodity price risk	▪ The risk that the price of a commodity or portfolio of commodities will rise in the future, adding cost to the buyer
Concentration risk	▪ Counterparty concentration risk refers to an exposure to one party with the potential to produce losses which are large enough to threaten the financial viability of SAA should circumstances change.
Confidence interval	▪ A measure of probability that a financial parameter (e.g. fuel cost) will fall between two set values. The confidence interval can take any number of probabilities, with the most common being 95%
Confidence level	▪ A measure of the probability that a financial parameter will not exceed or be less than a given value. For example, CFaR calculated at the 95% confidence level indicates there is a 5% probability that cash flow will fall below the stated value

Term	Definition
Correlation	▪ A statistical measure of how two financial products (e.g. currencies, commodities) move in relation to each other
Counterparty credit risk	▪ The risk of financial loss arising from a party failing to fulfil its obligation under a contract (i.e. counterparty fails to pay money owed on time)
Crack spread	▪ The price spread that exists between jet fuel and the price of oil or gasoil. It is the premium charged to purchase a refined oil product
Downside risk	▪ The risk associated with negative outcomes
Economic Value (EV)	▪ The simulated average operating cash flow, which includes the cost of hedging as well as the upside traded away
Emerging market currencies	▪ Currencies where spot rates are available, but may be restricted with regard to transaction amount or government intervention. The forward market could be lacking, intermittent, or very expensive. Often currencies transact on a non-deliverable basis
Enterprise risk management (ERM)	▪ A structured and disciplined approach that supports the alignment of strategy, processes, people, technology, and knowledge with the purpose of evaluating and managing the uncertainties an organization faces as it creates value – Aligns with strategic intent and related objectives – Includes all business risks, not just financial ones – Integrates into the management process - becoming every manager's responsibility – Addresses both the hard and soft sides of risk management
EUAs	▪ European Union Allowances – emission credits issued by the government of EU member states upon application by companies falling under the EU emissions trading scheme. A EUA permits a company to emit one metric tonne of CO2 within a specific period under the European emissions trading framework.
EUAAs	▪ European Aviation Sector Allowances
EU ETS	▪ European Union Emissions Trading System
Event risk	▪ Unpredictable events that are often driven by external factors (e.g. SARS, economic meltdown, etc.)
Fair market value	▪ The price that a given asset would trade for in an efficient marketplace
Financial market risk	▪ The volatility in financial performance as result of market conditions and price movements, including currencies, commodities, interest rates, credit and liquidity risk
Foreign exchange (FX) risk	▪ A form of risk that arises from the change in price of one currency against another. It is the mismatch between the denominated currency inflows and outflows
Hedgeable ratio	▪ A ratio comparing the hedged volume to the total exposure that is linked to a liquid market index. Note, hedgeable ratios will always be greater than or equal to hedge ratios

Term	Definition
Hedge ratio	▪ A ratio comparing the hedged volume to the total exposure (e.g. fuel uplift)
Hedging	▪ Making an investment (entering into a contract) to reduce the risk of adverse market price movements
Incremental hedging	▪ The net hedging activities required to recalibrate the organization's hedge positions in line with the base strategy
Interest rate risk	▪ The exposure of an institution to increased financing cost due to the adverse movements in interest rates (i.e. borrowing costs rise)
Liquidity risk	▪ Liquidity risk is the risk that SA does not meet its financial obligations on a cost effective and a timely basis, and could result in reputational damage should a default occur.
Major currencies	▪ Currencies are freely available in the spot and forward markets
Market price pattern	▪ The price paths that are generated as result of allocating weights to market price and volatility increases, price decreases and product decoupling and recoupling scenarios
Minor currencies	▪ Currencies are freely available, although the spot market may from time to time lack liquidity. Restrictions can be imposed on the forward market in terms of maturity (i.e. not more than six months)
Modern portfolio theory	▪ A theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward
Operational risk	▪ A classification of risk that summarizes the risks a company undertakes when it attempts to operate within a given industry. It includes risks resulting from breakdowns in internal procedures, people and systems
Bought put option	▪ A financial contract that gives the holder the right (but not the obligation) to sell the underlying asset (e.g. currency, commodity) at a specified price within a specific time period
Risk appetite	▪ An expression of the organization's desired exposure to various forms of risk. Typically, there is a greater appetite for on-strategy risks verses off-strategy risks. ▪ SAA defines its risk appetite for each risk in relation to its risk tolerance. SAA does not have the same appetite for all risks. It has a larger appetite for on-strategy risks such as fuel price volatility than it would for off-strategy risks such as counterparty risks.
Risk appetite Statement for SAA	▪ SAA defines its risk appetite statement for Treasury is that SAA is not willing to accept risks in most circumstances that may result in reputational damage, significant incidents or regulatory non-compliance. Therefore SAA has a low risk appetite.

Term	Definition
Risk register	▪ A formal listing of risks identified, together with the results of the risk analysis, risk evaluation procedures together with details of risk treatment, risk control, risk reduction plans
Risk tolerance	▪ The ability of an organization to withstand the impact of a risk event without materially damaging the organizations ability to conduct business or finance debt.
Risk tolerance level	▪ The risk tolerance level for SAA defines the maximum loss that SAA would be able to absorb before it would have significant challenge in continuing to operate. The tolerance level is made without any reference to the nature of the risk, but is in aggregate the risk bearing capacity of the organization.
Settlement risk	▪ Settlement risk arises from the exchange of principals of different currencies during a short window. This risk arises as soon as an institution makes the required payment and exists until the offsetting payment is received. This risk is greater when payments occur in different time zones, especially for foreign exchange transactions where notional amounts are exchanged in difference currencies.
Strategic risk	▪ The volatility in financial performance results stemming from fundamental strategy and business decisions
SWAP	▪ A financial contract that locks the buyer into paying a fixed price and the seller into paying a floating (market) price for an underlying asset (e.g. currency, commodity)
Tenor	▪ The amount of time (often expressed in months) remaining before a contract matures in the future
Three way collar	▪ Simultaneously entering into three legs of a transaction, which include buying a call option and both selling and buying put options at different levels. Three way collars are the same as two way collars, with the exception of buying a put option that pays out if prices drop below a predefined (often extreme) price
Trade offsetting	▪ The locking in of hedge gains/losses by purchasing opposite positions. For example, a long-position may purchase put options (which increase in value as prices decline) as protection against movements in existing forward market position (which decrease in value as prices decline)
Trade unwinding	▪ The closing of all forward market positions, whereby realizing gains/losses immediately
Treasury analytical tools	▪ The tools developed with Oliver Wyman, including the price projector (PP) and the exposure calculator and hedge optimizer (ECHO)
TWC	▪ Treasury Working Committee
Volatility	▪ The deviation from an expected value, including currency and commodity prices

Appendix G. Log of proposed policy amendments

Change log of proposed policy amendments

Amendment/change	Supporting context	Impacted sections	Approval status
1. Adopted CFaR as the primary financial risk management (FRM) metric	▪ Provides a cash flow (instead of earnings) driven metric that is used to set risk tolerance levels and drive contents within standard risk reports (leveraging Treasury's newly developed analytical tools)	Sections 5	Approved 30 Nov 2010
1.1 Set CFaR tolerance levels on an aggregated and individual financial risk basis (note, pending FRSC recommendation)	▪ Applies a single metric with a capability to measure, mitigate and monitor FRM exposure against acceptable risk taking levels	Section 6	Approved 30 Nov 2010
1.2 Re-positioned FRM reports around a CFaR measure	▪ Explicitly sets out frequency and associated responsibilities to prepare, review and approve/validate reports	Section 16	Approved 30 Nov 2010
2. Re-defined the FRM governance structure	▪ More clearly defines the escalation process for key hedge strategy and policy issues	Section 4	Approved 30 Nov 2010
2.1 Re-stated the purpose and objectives of FRM at SAA	▪ More clearly delineates between purpose, objectives and activities required to satisfy stated objectives	Section 1 Section 3	Approved 30 Nov 2010
2.2 Formed the Treasury Working Committee (TWC)	▪ Provides advisory and analysis of financial market price, exposure, risk and hedge strategy, and provides operational support and capacity to the FRSC and AUDIT	Section 4	Approved 30 Nov 2010
2.3 Formalized the meeting calendar and agenda for SAA risk committees	▪ Provides organization, routine and interconnectivity between risk committees	Section 4	Approved 30 Nov 2010
2.4 Refreshed the roles and responsibilities of FRM governance bodies	▪ More accurately reflects the actual activities being performed by the various groups; incorporates organizational changes	Section 4	Approved 30 Nov 2010

Amendment/change	Supporting context	Impacted sections	Approval status
2.5 Adopted aggregate dealing limits for MM, FX and commodities	▪ Per transaction limits are not adequate in isolation as they can become material when aggregated	Section 4	Approved 30 Nov 2010
2.6 Adopted the concept of a base fuel and FX hedge strategy	▪ Greater transparency and governance supporting hedge strategies; clearer process and conditions that prompt deviating from the current strategy	Section 4 Section 12 Section 13	Approved 30 Nov 2010
3.0 Adjusted existing fuel and FX hedge parameters	▪ Incorporates results using Treasury's newly developed analytical tools to set hedge ratios, hedgeable ratios, among other measures	Section 5 Section 12 Section 13	Approved 30 Nov 2010
3.1 Replaced annual maximum hedge ratios with a declining monthly scale	▪ Protects against over hedging and the uncertainty in exposure that exists from event risk	Section 12 Section 13	Approved 30 Nov 2010
3.2 Removed minimum fuel and FX hedge ratios	▪ Protects against instances when it is uneconomical to transact hedges because of cash availability and the pricing/availability of instruments in the marketplace	Section 12 Section 13	Approved 30 Nov 2010
3.3 Extended the maximum fuel and FX hedging tenor to 24 months	▪ Creates an opportunity to profit using swaps beyond 12 months in circumstances that are supported by the market context	Section 12 Section 13	Approved 30 Nov 2010
3.4 Clarified and added to the list of approved hedge instruments	▪ Clarifies the use of put options (as part of collars or restructuring only) and incorporates the use of 3-ways (fuel only), which can be evaluated using the Treasury's newly developed analytical tools	Section 14	Approved 30 Nov 2010
3.5 Re-wrote the guidelines for restructuring the hedge book	▪ More clearly stipulates the conditions and approaches that support the restructuring of hedges	Section 15	Approved 30 Nov 2010
4. Enhanced the structure, format and change process for maintaining and implementing the FRMP	▪ Makes it easier to understand the connection between policy sections; provides a more integrated feel/flow	Multiple sections	Approved 30 Nov 2010

Amendment/change	Supporting context	Impacted sections	Approval status
4.1 Added a new section titled "Purpose and change process of the FRMP"	▪ Incorporates a clear process and guidelines for reviewing and maintaining this document	Section 2	Approved 30 Nov 2010
4.2 Added to the appendix, including a glossary of terms and a change log	▪ References new terms and their meaning; tracks proposed policy changes over time and documents if they are approved or deferred by the AUDIT.	Appendix B Appendix C	Approved 30 Nov 2010
4.3 Improved clarity and consistency by re-positioning, re-wording and deleting clauses	▪ Tailors policy components to SAA's situation; facilitates interpretation of what the policy is trying to accomplish	Multiple sections	Approved 30 Nov 2010
5.1 Added in the Objectives and Drivers of Credit Risk. Improved the wording of this section.	▪ Policy enhancement, which facilitates the interpretation of this section.	Section 7	Approved 30 Nov 2010
5.2 Small changes in the wording of Liquidity Risk.	▪ Small change to the principles of cash management.	Section 8	Approved 30 Nov 2010
5.3 Alignment changes only	▪ Alignment change in the Table 7.	Section 9	Approved 30 Nov 2010
5.4 One change to one word	▪ Change to one word.	Section 10	Approved 30 Nov 2010
5.5 One change to department name	▪ Change from CAPEX to Corporate Finance Department.	Section 11.	Approved 30 Nov 2010
6.1 Changes from the IAS to the IFRS.	▪ Update on acceptable accounting reference from IAS to IFRS.	Section 17, 18, 19	Approved 30 Nov 2010
6.2. Recommendation from Oliver Wyman and the Finance Department on Hedge Accounting Section.	▪ A proposed change to move the Hedge Accounting Section 19 to an "appendix" because it is not currently applied. Until such time when Hedge Accounting will be applied then this section will be brought back into the main section of the policy.	Section 19	Approved 30 Nov 2010
6.3. Small changes to the wording of this section, and change from transactions to instruments	▪ Updated the word transactions to instruments, and then smaller changes for ease of flow.	Section 20	Approved 30 Nov 2010

TP

Amendment/change	Supporting context	Impacted sections	Approval status
Review 2011	▪		
1.1. Updated the SAA Structure	▪ Updated the SAA Corporate Structure	Section1	Approved 30 June 2011
1.2. Separated Terms of Reference for FRSC	▪ Removed all sections referring to FRSC Terms of Reference, and set up a separate document for the FRSC TOR	Sections 1,2,4,5	Approved 30 June 2011
1.3. Corporate Governance areas to refer to DOA	▪ Removed the Corporate Governance section, and refer to FRSC TOR or SAA DOA or Procedures Manual	Section 4	Approved 30 June 2011
1.4. Removed some definitions	▪ Removed from the main FRMP all definitions and placed in Appendix F: Glossary of Terms	All sections	Approved 30 June 2011
1.5.TWC part of FRSC	▪ Recommendation that the TWC becomes part of the FRSC with voting rights	Section 4	Approved 30 June 2011
1.6. Updated Risk Limits	▪ Updated the reviewed Risk Tolerance Levels and the Risk Limits	Section 6	Approved 30 June 2011
1.7 Added in Carbon Emissions Trading	▪ Added in – Carbon Emissions Trading and pricing Methodology	Section 15	Approved 30 June 2011
Review 2012	▪		
1.1. Updated SAA CEO direct reports	▪ Updated the SAA Corporate Structure, and format	Section1	Proposed
1.2.Formatting	▪ Reworded Heading	Section 2	Proposed
1.3.Formatting	▪ Updated format.	Section 3	Proposed
1.4.Heading change and formatting	▪ Reworded the Heading, inserted new paragraph	Section 4	Proposed
1.4.1 Fuel Limits	▪ Increased the Fuel Daily Aggregate Limit from BBL100,000 to BBL200,000	Section 4	Proposed
1.5 Risk Metrics	▪ Change the NET Worth Limit to R1 Billion, Changed formatting	Section 5	Proposed
1.6.Risk Tolerance limits	▪ Amended Table 3, and formats	Section6	Proposed
1.7. Counterparty Risk	▪ Changes made to the Net Worth minimum to R1 Billion and Formatting	Section 7	Proposed
1.8.Cash Management	▪ Amendments made to the wording	Section 8	Proposed

Amendment/change	Supporting context	Impacted sections	Approval status
1.9 Investment Limits – SAA Personnel	▪ No changes only formatting	Section 9	Proposed
1.10. Funding	▪ Slight wording changes to the Funding Policy section	Section 10	Proposed
1.11. Interest Rate	▪ No changes only formatting	Section 11	Proposed
1.12. FX Risk	▪ Moved to Hedging Strategy	Section12	Proposed
1.13. Fuel Risk	▪ Moved to Hedging Strategy	Section 13	Proposed
1.14 Financial Instruments	▪ No changes only formatting	Section 14	Proposed
1.15. Carbon Emissions	▪ Reworded the chapter.	Section 15	Proposed
1.16. Restructure of Hedges	▪ No changes on formatting	Section 16	Proposed
1.17. Financial Risk Management Reporting	▪ No changes only formatting	Section 17	Proposed
1.18. Income Statement	▪ No changes only formatting	Section 18	Proposed
1.19. Embedded Derivatives	▪ No changes only formatting	Section 19	Proposed
1.20. Hedge Accounting	▪ No changes only formatting – covered in detail in the Appendix	Section 20	Proposed
1.21. Tax	▪ No changes only formatting	Section 21	Proposed
1.22 PFMA	▪ No changes	Appendix A	Proposed
1.23 Hedge Ratio	▪ Moved to hedging Strategy	Appendix B	Proposed
1.24. Minister's Letter	▪ Minister's Letter regarding Approval to PFMA Sect 66.6	Appendix C	Proposed
1.25. Hedge Accounting	▪ No changes	Appendix D	Proposed
1.26. Analytical Framework	▪ Moved to Hedging Strategy	Appendix E	Proposed
1.27. Glossary of Terms	▪ No changes	Appendix F	Proposed
1.28. Log of Changes	▪ Updated the Log of proposed Amendments	Appendix G	Proposed

Review 2013	▪			
1. Introduction	▪	Updated the SAA Corporate Structure, and format and added as an appendix	Section1	Proposed as an Appendix
2.Purpose of the FRMP	▪	Reworded sections of this chapter	Section 2	Proposed
3.Objectives of the FRMP	▪ ▪	Updated the current IFRS accounting statement format. Reworded the financial risks.	Section 3	Proposed
4.SAA Governance Structures	▪	Reworded the SAA Governance Structures.	Section 4	Proposed
4.11 Dealing Limits	▪	Update format, Limits are unchanged.	Section 4	Proposed
5 SAA Financial Market Risk Exposure and Metrics	▪	Updated format, reworded the section, and added in "acceptable Level of Risk exposure"	Section 5	Proposed
6.SAA Financial Market Risk Tolerance and Risk Appetite Levels	▪	Updated Table 3 with 2013/2014 exposures, and formats	Section 6	Proposed
7. Counterparty (Credit) Risk	▪	Updated format, Updated Marginal Risk, removed Aircraft and Engine Financing to Funding Policy	Section 7	Proposed
8.Cash and Liquidity Risk Management	▪	Updated first paragraph.	Section 8	Proposed
9 Investment Limits for SAA Personnel	▪	No changes.	Section 9	Proposed
10. Funding Policy	▪	Updated sections, format, and included Short term Funding section.	Section 10	Proposed
11. Interest Rate	▪	No changes	Section 11	Proposed
12. Foreign Exchange Risk	▪	Updated FX Strategy and Objectives, increase duration from 12 to 18 months.	Section12	Proposed
13. Fuel Risk	▪	Updated FX Strategy and Objectives, increase duration from 12 to 18 months.	Section 13	Proposed

IP

14 Approved Financial Market Instruments	▪ Updated format. Definitions removed	Section 14	Proposed
15. Carbon Emissions Risk Management	▪ Updated format and current status of SAA	Section 15	Proposed
16. Restructuring of Hedges	▪ Updated format.	Section 16	Proposed
17. Financial Risk Management Reporting	▪ No changes	Section 17	Proposed
18. Statement of Profit or Loss and Other Comprehensive Income	▪ Changes made to align with the recent updates IFRS standard.	Section 18	Proposed
19. Embedded Derivatives	▪ No changes	Section 19	Proposed
20. Hedge Accounting	▪ Updated format	Section 20	Proposed
21. Tax Risk on Financial Market Activities	▪ No changes	Section 21	Proposed
22. SAA Corporate Structure	▪ Updated as at Feb 2013 and added as an Appendix	Appendix A	Proposed
23. Risk Management requirements of the PFMA	▪ No changes	Appendix B	Proposed
24. Steps in calculating the maximum Fuel Hedge Ratio	▪ No changes	Appendix C	Proposed
25. Minister's Letter	Minister's Letter regarding Approval to PFMA Sect 66.6 dated 20 January 2008	Appendix D	Proposed
26. Hedge Accounting	▪ No changes	Appendix E	Proposed
27. Glossary of Terms	▪ No changes	Appendix F	Proposed
28. Log of Changes	▪ Updated the Log of proposed Amendments as per the review of 2013	Appendix G	Proposed

TP

Review 2014	▪			
1. Introduction	▪	Updated the SAA Corporate Structure, and format and added as an appendix	Section1	No changes
2.Purpose of the FRMP	▪	Reworded sections of this chapter – minor changes	Section 2	Proposed
3.Objectives of the FRMP	▪ ▪	Updated the current IFRS accounting statement format. Reworded the financial risks.	Section 3	Proposed
4.SAA Governance Structures	▪	Reworded the SAA Governance Structures – minor changes.	Section 4	Proposed
4.11 Dealing Limits	▪	Update format, Limits are unchanged.	Section 4	Proposed
5 SAA Financial Market Risk Exposure and Metrics	▪	No Changes	Section 5	No changes
6.SAA Financial Market Risk Tolerance and Risk Appetite Levels	▪	No Changes	Section 6	No changes
7. Counterparty (Credit) Risk	▪	Minor changes	Section 7	Proposed
8.Cash and Liquidity Risk Management	▪	No Changes	Section 8	No changes
9 Investment Limits for SAA Personnel	▪	No changes.	Section 9	No changes
10. Funding Policy	▪	No Changes	Section 10	No changes
11. Interest Rate	▪	No changes	Section 11	No changes
12. Foreign Exchange Risk	▪	Updated FX Strategy and Objectives, increase duration from 12 to 18 months.	Section12	No changes
13. Fuel Risk	▪	Updated FX Strategy and Objectives, increase duration from 12 to 18 months.	Section 13	No changes
14 Approved Financial Market Instruments	▪	Minor changes	Section 14	Proposed
15. Carbon Emissions Risk Management	▪	Minor Changes	Section 15	Proposed
16. Restructuring of Hedges	▪	No changes.	Section 16	No changes

17. Financial Risk Management Reporting	▪ No Changes	Section 17	No changes
18. Statement of Profit or Loss and Other Comprehensive Income	▪ No Changes.	Section 18	No changes
19. Embedded Derivatives	▪ No Changes	Section 19	No changes
20. Hedge Accounting	▪ No Changes	Section 20	No changes
21. Tax Risk on Financial Market Activities	▪ No changes	Section 21	No changes
22. SAA Corporate Structure	▪ No changes to date received from HR	Appendix A	Proposed
23. Risk Management requirements of the PFMA	▪ No changes	Appendix B	No changes
24. Steps in calculating the maximum Fuel Hedge Ratio	▪ No changes	Appendix C	No changes
25. Minister's Letter	Minister's Letter regarding Approval to PFMA Sect 66.6 dated 20 January 2008	Appendix D	No changes
26. Hedge Accounting	▪ No changes	Appendix E	No changes
27. Glossary of Terms	▪ No changes	Appendix F	No changes
28. Log of Changes	▪ Updated the Log of proposed Amendments as per the review of 2014	Appendix G	Proposed
Review 2015	▪		
1. Introduction	▪ Updated the SAA Corporate Structure, and format and added as an appendix	Section1	Proposed
2. Purpose of the FRMP	▪ Reworded sections of this chapter – minor changes	Section 2	Proposed
3. Objectives of the FRMP	▪ No changes made to this section.	Section 3	No changes

4.SAA Governance Structures	▪ Reworded the SAA Governance Risk Reporting structures. Added in the roles and responsibilities of the various governance structures. Added as an appendix the SAA Risk Governance structure from Legal, Risk and Compliance Framework.	Section 4	Proposed
4.11 Dealing Limits	▪ Increased the Daily FX Transaction Limit from $5 to $10 Million. Increased the Daily Aggregate FX Limit from $15 to $20 Million.	Section 4.11	Proposed
5 SAA Financial Market Risk Exposure and Metrics	▪ No changes	Section 5	No changes
6.SAA Financial Market Risk Tolerance and Risk Appetite Levels	▪ Updated the CFaR for the 2015/16 values to R2.9 Bn, from previous R2.2 Bn. The Risk Tolerance Limits were unchanged.	Section 6	Proposed
7. Counterparty (Credit) Risk	▪ No changes	Section 7	No changes
8. Cash and Liquidity Risk Management	▪ Minor Changes made to Section 8.2. regarding the principles.	Section 8	Proposed
9 Investment Limits for SAA Personnel	▪ No changes	Section 9	No changes
10. Funding Policy	▪ No changes	Section 10	
11. Interest Rate Policy	▪ No changes	Section 11	No changes
12. Foreign Exchange Risk	▪ Updated the wording of the FX Limits section and added in a table for the calculation of the maximum hedge ratio's percentage.	Section 12	Proposed
13. Fuel Risk	▪ Updated the wording of the Fuel Limits section and added in a table for the calculation of the maximum hedge ratio's percentage.	Section 13	Proposed
14 Approved Financial Market Instruments	▪ No changes	Section 14	No changes
15. Carbon Emissions Risk Management	▪ No changes	Section 15	No changes

16. Reasons for hedging	▪ Introduced this section which was recommended by FRSC. Listed advantages and the disadvantages.	Section 16	Proposed
17. Restructuring of Hedges	▪ Reworded this section. Minor changes	Section 17	Proposed
18. Financial Risk Management Reporting	▪ No changes	Section 18	No changes
19. Statement of Profit or Loss and Other Comprehensive Income	▪ No changes	Section 19	No changes
20. Embedded Derivatives	▪ No changes	Section 20	No changes
21. Hedge Accounting	▪ No changes	Section 21	No changes
22. Tax Risk on Financial Market Activities	▪ No changes	Section 22	No changes
23. SAA Risk Governance Structure	▪ Appended the SAA Risk Governance Structure from Legal, Risk and Compliance Framework.	Appendix A	Proposed
24. Risk Management requirements of the PFMA	▪ No changes	Appendix B	No changes
25. Steps in calculating the maximum Fuel Hedge Ratio	▪ No changes.	Appendix C	No changes.
26. Section 66.6 Approval Minister's Letter	▪ Minister's Letter regarding Approval to PFMA Sect 66.6 dated 20 January 2008	Appendix D	No changes
27. Hedge Accounting	▪ No changes	Appendix E	No changes
28. Glossary of Terms	▪ No changes	Appendix F	No changes
28. Log of Changes	▪ Updated the Log of proposed Amendments as per the review completed during Feb to Mar 2015	Appendix G	Proposed
	▪		

Airways Park, Jones Road
OR Tambo Int. Airport
Johannesburg, South Africa

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-167
CSB 02

ANNEXURE A – SAA'S DEBT MATURITY PROFILE

	INSTITUTION	INTEREST	ZAR LOAN AMOUNT	MATURITY	FY 2016/17	FY 2017/18	FY 2018/19	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	TOTAL
1	Nedbank	7.60%	1,300,000,000	30-Sep-15	1,300,000,000.0							1,300,000,000.0
2	Nedbank	7.75%	1,055,000,000	09-Dec-19	-			1,055,000,000				1,055,000,000.0
3	Nedbank	0.00%	295,000,000	09-Dec-19	-			295,000,000				295,000,000.0
4	Nedbank	7.75%	450,000,000	09-Dec-19	-			450,000,000				450,000,000.0
5	Standard Bank	6.75%	1,500,000,000	15-Jul-16	1,500,000,000.0							1,500,000,000.0
6	Citibank	6.70%	1,500,000,000	16-Jul-16	1,500,000,000.0							1,500,000,000.0
7	ABSA	7.60%	1,700,000,000	31-Dec-19	-			1,700,000,000				1,700,000,000.0
8	Investec	7.90%	1,500,000,000	30-Apr-22	-						1,500,000,000	1,500,000,000.0
9	RMB	8.10%	1,500,000,000	11-Dec-20	-	-	-		1,500,000,000			1,500,000,000.0
	LONG TERM FUNDING	6.68%	10,800,000,000	391,521	4,300,000,000	-	-	3,500,000,000	1,500,000,000	-	1,500,000,000	10,800,000,000
		Unutilized portion	3,000,000,000									
			13,800,000,000									
		ATL	545,000,000									

STATE CAPTURE INQUIRY

CASS-169
CSB 03

Re: ARC Round Robin - Funding Requirement

Yakhe Kwinana <yakhe@kwinana.co.za>
08/07/2015 at 18:40:06

From: **Yakhe Kwinana** <yakhe@kwinana.co.za>
Sent: 08/07/2015 at 18:40:06
To: **Wolf Meyer** <WolfMeyer@flysaa.com>,
Tony Dixon (tonydixon@telkomsa.net) <tonydixon@telkomsa.net>, **johnt@nepad.org** ,
Yakhe Kwinana <yakhekwinana@gmail.com>
Cc: **Nico Bezuidenhout** <NicoBezuidenhout@flysaa.com>, **Sivuyile Maso** <SivuyileMaso@flysaa.com>,
Ruth Kibuuka <RuthKibuuka@flysaa.com>, **Corrie Engelbrecht** <CorrieEngelbrecht@flysaa.com>,
Cynthia Stimpel <CynthiaStimpel@flysaa.com>

Dear Wolf

This email serves to emphasise that you should follow proper processes and therefore request that you cancel the tender. You are confirming on this email that this did not even go to FRSC.
How did you determine which funders to approach and if you close it to selected funders, how are other new entrants expected to participate in SAA?
It is also disturbing that a tender of this magnitude can go out without the knowledge of the Audit Committee members and the Board. One wonders what else go without our knowledge, that we, as the oversight body, are expected to know.

Thank you

Yakhe Kwinana

Sent from my Samsung device

------- Original message -------
From: Wolf Meyer <WolfMeyer@flysaa.com>
Date: 06/07/2015 11:24 (GMT+02:00)
To: Yakhe Kwinana <yakhe@kwinana.co.za>, "Tony Dixon (tonydixon@telkomsa.net)" <tonydixon@telkomsa.net>, johnt@nepad.org, Yakhe Kwinana <yakhekwinana@gmail.com>
Cc: Nico Bezuidenhout <NicoBezuidenhout@flysaa.com>, Sivuyile Maso <SivuyileMaso@flysaa.com>, Ruth Kibuuka <RuthKibuuka@flysaa.com>, Corrie Engelbrecht <CorrieEngelbrecht@flysaa.com>, Cynthia Stimpel <CynthiaStimpel@flysaa.com>
Subject: FW: ARC Round Robin - Funding Requirement

Dear Yakhe

Please refer to my responses in red below.

I trust that you will find my responses in order. Please do not hesitate to call me should you require further information or clarity.

Best regards

nhlakaniphok@commissionsc.org.za

From:	Yakhe Kwinana2
Sent:	Wednesday, 08 July 2015 18:39
To:	Wolf Meyer; Tony Dixon (tonydixon@telkomsa.net); johnt@nepad.org; Yakhe Kwinana
Cc:	Nico Bezuidenhout; Sivuyile Maso; Ruth Kibuuka; Corrie Engelbrecht; Cynthia Stimpel
Subject:	Re: ARC Round Robin - Funding Requirement

Dear Wolf

This email serves to emphasise that you should follow proper processes and therefore request that you cancel the tender. You are confirming on this email that this did not even go to FRSC.
How did you determine which funders to approach and if you close it to selected funders, how are other new entrants expected to participate in SAA?
It is also disturbing that a tender of this magnitude can go out without the knowledge of the Audit Committee members and the Board. One wonders what else go without our knowledge, that we, as the oversight body, are expected to know.

Thank you

Yakhe Kwinana

Sent from my Samsung device

-------- Original message --------
From: Wolf Meyer <WolfMeyer@flysaa.com>
Date: 06/07/2015 11:24 (GMT+02:00)
To: Yakhe Kwinana <yakhe@kwinana.co.za>, "Tony Dixon (tonydixon@telkomsa.net)" <tonydixon@telkomsa.net>, johnt@nepad.org, Yakhe Kwinana <yakhekwinana@gmail.com>
Cc: Nico Bezuidenhout <NicoBezuidenhout@flysaa.com>, Sivuyile Maso <SivuyileMaso@flysaa.com>, Ruth Kibuuka <RuthKibuuka@flysaa.com>, Corrie Engelbrecht <CorrieEngelbrecht@flysaa.com>, Cynthia Stimpel <CynthiaStimpel@flysaa.com>
Subject: FW: ARC Round Robin - Funding Requirement

Dear Yakhe

Please refer to my responses in red below.

I trust that you will find my responses in order. Please do not hesitate to call me should you require further information or clarity.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com

4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

---

From: Yakhe Kwinana2
Sent: 04 July 2015 08:26 PM
To: Wolf Meyer; Sivuyile Maso; tonydixon@telkomsa.net; johnt@nepad.org
Cc: Ruth Kibuuka; Nico Bezuidenhout
Subject: Re: ARC Round Robin - Funding Requirement

Dear Wolf

Help me to understand the following issues:-

1. You request for a round Robin approval of City Bank and Standard Bank term facility, which are also part of the R14, 5 billion that is out to tender. If we get another funder for R14,5 billion and we have signed with these 2 banks how are we going to deal with the duplication?

We currently have guaranteed terms loans amounting to R3 billion (R1.5 billion from City Bank and Standard Bank respectively) that expire during July 2015. We went out on an RFP in February 2015 to request secured funding for R6 billion and, alternatively, bridge funding in the short-term to provide us with sufficient time and opportunity to secure long-term funding. However, due the Comair litigation matter, banks in general were reluctant to respond. As a result, we could not procure sufficient funding and had to rely on bridge funding.

Investec and Standard Chartered were the only banks that were willing to provide us with the required bridge funding at the time. The bridge funding from Investec was based on the premise that they would be awarded a R1.5 billion guaranteed loan and that the bridge facility would act as an advance against the R1.5 billion. This was finalised in April 2015.

At the time we also received an offer from First South Financial Services (FSFS) for R4.5 billion which would be applied for working capital requirements (R1.5 billion) and the remaining R3 billion for the above-mentioned roll-over. You will recall that a submission was done in this regard to the Board and letter to the Minister specifically for the R1.5 billion from Investec and the R4.5 billion from FSFS. Thereafter it transpired that FSFS could not secure the R4.5 billion which they had offered us and, as a result, we had to keep the RFP open to secure the required funding. We had to request extensions on our bridge facility with Standard Chartered and again approached RMB for a R1.5 billion facility against the new government guarantee.

IP

When it transpired that we would not be able to secure the required funding in time for the above-mentioned R3 billion roll-over in July 2015, we approached Citi Bank and Standard Bank for the re-financing of their existing R1.5 billion guaranteed loans respectively for a one year period. This is the current request to the ARC **which requires urgent approval**.

In the meantime, we have received various approaches from non-banks and asset managers for secured and unsecured funding which was rigorously pursued with all the relevant parties. In terms of SAA's Borrowing Plan, SAA must reduce its reliance on government guarantees. It is in this spirit and to lengthen the maturity profile of SAA's existing debt, that we considered offers from various non-banks and asset managers. The offers that were received, ranged from grants and equity, to loan funding of between R4.5 billion and R14 billion. The majority of these offers transpired to be either brokered deals at very expensive rates of offeres that could not be delivered on.

The RFP that went out was for 14 days and was sent to all known interest parties, including banks. Funding requests are normally not confined as "open tender requests" as it could attract undesired media attention and publicity that SAA requires more funding. Funding requests do not form part of the regulated SCM policy and procedures due to its confidential and strategic nature.

There would be **no duplication** of funding received as SAA would assess all offers and determine how much funding would be required to be drawn down and to what extent existing loans can be refinanced, to what extent existing unsecured short-term facilities could be reduced and what liquidity buffer would be required to reduce the repatriation of offshore funds and thereby increase SAA's natural currency hedge.

2. An email from the Chair of the Board raised issues of delegation of authority that this amount requires stages to go through, which starts from your Exco up to the Board - how far is this process? I am also of the opinion that this matter will be another egg on our face as you are parachuting it.

As mentioned above, the process of securing funding for the airline is not governed by the SCM policy and procedures due to its confidential and strategic nature. In terms of SAA's policies, the internal governing bodies for unsecured funding is firstly the Financial Risk Sub-Committee (FRSC), and thereafter EXCO, ARC and Board. RFP's are initiated by the Treasury department based on SAA's funding requirements and not subject to FRSC approval. It therefore stands to reason that before any funding recommendation is done to the ARC, it requires FRSC approval. The process has not progressed to the FRSC yet. All offers are subject to proper due diligence prior to further consideration.

3. She raised the issue that all potential tenderers must be given a chance - I now learn that there is no resolution for this and

As mentioned above, funding is not regarded as a supply chain commodity. Due to its strategic nature, there are no open tenders for funding. When approached by potential funders, the RFP information is provided only upon the signing of an NDA by a potential funder.

IR

4. That it has just been advertised and is open for only 7 days. Obviously if this is the case I suspect that this is intended for a specific company. We do not want another SCM investigations please.

As mentioned above, the RFP was issued on instruction of the Chairperson and was issued for a period of 14 days, from Friday, 26 June to Friday, 10 July. The final approval, in terms of Section 66 of the PFMA, still resides with the Accounting Authority, which is the Board. Therefor no award can be made without Board approval.

Thank you

Sent from my Samsung device

-------- Original message --------
From: Wolf Meyer <WolfMeyer@flysaa.com>
Date: 04/07/2015 20:03 (GMT+04:00)
To: Yakhe Kwinana <yakhe@kwinana.co.za>, Sivuyile Maso <SivuyileMaso@flysaa.com>, tonydixon@telkomsa.net, johnt@nepad.org
Cc: Ruth Kibuuka <RuthKibuuka@flysaa.com>, Nico Bezuidenhout <NicoBezuidenhout@flysaa.com>
Subject: RE: ARC Round Robin - Funding Requirement

Dear Chair

This request is purely to fund the rollover of two existing loans against government guarantee **that expire middle July 2015.** These are therefore not new loans and has nothing to do with the RFP in the market for possible debt consolidation and unsecured funding.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com

4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Yakhe Kwinana2
Sent: 03 July 2015 04:30 PM
To: Sivuyile Maso; tonydixon@telkomsa.net; johnt@nepad.org
Cc: Wolf Meyer; Ruth Kibuuka
Subject: Re: ARC Round Robin - Funding Requirement

Dear Sivuyile

Can you explain to me where does this round Robin fit in the funding that is out in the market ?

Yakhe Kwinana

Sent from my Samsung device

-------- Original message --------
From: Sivuyile Maso <SivuyileMaso@flysaa.com>
Date: 03/07/2015 12:41 (GMT+01:00)
To: Yakhe Kwinana <yakhe@kwinana.co.za>, tonydixon@telkomsa.net, johnt@nepad.org
Cc: Wolf Meyer <WolfMeyer@flysaa.com>, Ruth Kibuuka <RuthKibuuka@flysaa.com>
Subject: ARC Round Robin - Funding Requirement

Dear Audit & Risk Committee Members

Kindly consider the attached submission as a matter of urgency.

Regards

Sivu

Sivuyile Maso | Deputy Company Secretary | Company Secretary

Mobile: 083-422-4779 | Phone: +2711-978-1488 | Fax: +2711-978-6161 | E-Mail: SivuyileMaso@flysaa.com

Room 110, Floor 1, Block F, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIAN

CSB04

RESPONSE TO THE EMAIL FROM SAA BOARD received on 8 July 2015 re – FUNDING RFP

OVERVIEW

The Treasury and Finance Team have always only had the interests of SAA at heart, as I think the SAA Board members would have too. In a quote by Socrates – "Instead of using your energies to find fault, rather use all your energies to do good"

Therefore in the light of using all our combined energies together, with the right mind-set to get SAA financially stable, and to stop being dysfunctional, I am sure we can all work together to find solutions together to assist SAA with its financial situation in a constructive manner.

The reason the RFP was sent out at that time, was because the Chairperson had instructed the CFO to send the RFP out, and he in turn instructed the Treasury Team to send it out. We sent the RFP on Friday 26 June 2015.

The Treasury Team has already prepared the initial submission to go to the following levels of governance - FRSC, EXCO, ARC and BOARD, to request for the opportunity to look at R14 Billion unsecured. However, the CFO wanted to first discuss with the Board members on the proposal we have received from the first RFP, and instead – received an instruction from the Chairperson to send out an RFP.

Hence with that in mind, I would like to caution against retracting the RFP, and rather really focus on what the ideal objective would be for SAA to manage its Debt Portfolio and it debt maturity profile.

Whether we withdraw the RFP, and dismiss the CFO or any person or persons the involved in the funding team, this action will not assist SAA, in finding a solution to its financial problems, which is but one of the many issues facing this organization. It will instead destabilize the company.

There is no harm resulting from sending out the RFP – as this has not placed any additional risk on SAA, and neither will any decisions be made from this RFP process, without the proper governance levels being followed and adhered to.

Be that as it may – we now realised that there is more interest from the funding institutions to assist with the consolidation and restructure of our debt, rather than just plain funding, because they still see SAA as high risk, despite the Government support in guarantees, due to the constant increase of its loan book year on year.

For clarification – the funding process is not regulated under the ambit of the Supply Chain Management Policy (SCM). It falls with the scope of the Financial Risk Management Policy – Section 10 – Funding Policy. (See attached FRMP)

From a "new entrants" perspective – SAA has always confined the "funding RFP" to the major financial institutions, because of the sensitivity and confidentiality nature of funding the company.

The previous RFP of R6 billion did not attract lots of interest and appetite from the banks – mainly because of the Comair Litigation. See attached "Summary of proposals" for the R6 billion RFP.

IP

However, this RFP was kept open and we received interest from non-banking institutions like FSFS Investments, KFH Investments, Exohome, and Wurban. Manna, Seacrest-Kahil, Sotobe, Batho Maile; Hammershlag etc.

How they got hold of the RFP Letter, we do not know as we did not send it to them. However, once they contacted SAA, we set up meetings or conference calls to see what they have on offer. And yes SAA is in a financial crisis and hence we wanted to ensure that we did not let anything go by unreviewed or unconsidered;

There was one proposal which caught our interest because they were offering unsecured funding. They sent us a letter advising that they have sufficient funds to cover the full debt of SAA. Needless to say, we started asking more questions.

We set up the meetings with them, with our Legal team, and in each meeting we requested the "source of funds" – because we were concerned that this could be a "scam" or "drug money" or "money laundering". We also requested from them to provide us more details on their company and the funding company. We subsequently requested them to provide us with a Term sheet which they could not provide, and hence I made a request to legal Department to draw up a draft term sheet to assist the client. The Legal dept. also completed a due diligence exercise and we received the initial copy of this due diligence. We however, had questions and requested further information. Secondly we also requested confirmation that these funds are available and whether they could ring fence for SAA. We have not received anything as yet, and still awaiting this final information. And hence why no submissions have been made to the FRSC, EXCO, Audit and Board as yet.

Once we receive this we would then submit our funding request for unsecured funding to the FRSC, then EXCO and then ARC and thereafter Board.

This entire process would have happened had we not been asked to do the RFP. With us sending out the RFP, we put everything on hold, and have not followed up on the outstanding information but rather focusing now on the new proposals.

We have an existing proposal on the table, and we would like to pursue this through the levels of Governance by submitting to the FRSC, then EXCO and then ARC and Board.

Our practice and intentions has always been that once we receive the firm confirmation of the proposal and commitment of funds available by the potential funders, we then advise the FRSC and EXCO, and obtain approval from ARC and BOARD to secure these funds. During this entire funding process we have also kept National Treasury updated with progress.

We therefore need to rather find solutions and work together for the better good of SAA. I am fully aware that SAA Board has oversight, and hence should not be operational and advising on when to send RFP's and when to retract. All the submissions are detailed with full history of process over the period, and hence we can confirm that we have not been negligent in any of our duties, processes or governance. We also provide in writing an update to the shareholder on the funding activities on a monthly basis. On a weekly basis we discuss the financial status and this is minuted.

Cynthia Stimpel

Acting Group Treasurer

IP

CASS-180
CSB 05

Andrew A. Keartland

From: Wolf Meyer <WolfMeyer@flysaa.com>
Sent: Thursday, 16 July 2015 16:10
To: Dudu Myeni; Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht; Yakhe Kwinana2; Yakhe Kwinana; Cynthia Stimpel; Ruth Kibuuka
Subject: RE: SAA FUNDING REQUIREMENT - JULY 2015

Dear Chair

Following the decision of the Board to withdraw the RFP, we have formally, in writing, advised all the recipients of the RFP that it has been withdrawn.

We shall work on and provide the Board with a formal paper on debt consolidation as a matter of urgency.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com
4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

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From: Dudu Myeni [mailto:dudum@jacobzumafoundation.org.za]
Sent: 16 July 2015 09:09 AM
To: Wolf Meyer; Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht; Yakhe Kwinana2; Yakhe Kwinana
Subject: RE: SAA FUNDING REQUIREMENT - JULY 2015

Dear CFO
I hope you are well
At the Board Meeting, we resolve that we shall withdraw the RFP for long term funding. We also need to get a formal paper on the debt consolidation, if this RFP is aimed at addressing the same.
Our understanding is that, we need to deliberate on the debt restructuring and agree as to how we intend addressing such a challenge.

I therefore request for an update on the matter as per the Board Resolution. Has this been withdrawn?
I also request that you send a letter to that effect.

Regards

Ms Dudu Myeni
Chairperson SAA
Tel: +27 11 978 2520
Email chairperson@flysaa.com

IP

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

Best Airline in Africa
For the 11th consecutive year

Directors
DC Myeni* (Chairperson), M Kalawe (Chief Executive Officer), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean), AD Dixon*
*Non-Executive Director

Acting Company Secretary – Mabane Makhakhe

South African Airways SOC Ltd Reg. No. 1997/022444/30

From: Wolf Meyer [mailto:WolfMeyer@flysaa.com]
Sent: 02 July 2015 02:21 PM
To: Dudu Myeni (dudum@jacobzumafoundation.org.za); Duduzile Myeni
Cc: Nico Bezuidenhout; Corrie Engelbrecht
Subject: FW: SAA FUNDING REQUIREMENT - JULY 2015

Dear Chair

Attached herewith, as requested, another copy of the funding RFP that went out on Friday, 26 June 2015. As you can see below Chair, you, Nico and Barry were copied on the email that went out last Friday.

Best regards

Wolf Meyer | CFO

Mobile: +2771-171-2345 | Phone: +2711-978-1515 | E-Mail: WolfMeyer@flysaa.com
4th floor, block C Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Cynthia Stimpel
Sent: 02 July 2015 01:40 PM
To: Wolf Meyer
Cc: Corrie Engelbrecht; Michael Kleyn
Subject: FW: SAA FUNDING REQUIREMENT - JULY 2015

Dear Wolf
This is the document which was submitted on Friday – 26 June 2015.
Michael did copy the Chairperson, the Acting CEO and Barry.
Thanks and regards

IP

Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Michael Kleyn
Sent: 26 June 2015 17:53
To: Michael Kleyn
Cc: Wolf Meyer; Cynthia Stimpel
Subject: SAA FUNDING REQUIREMENT - JULY 2015

Dear All

Kindly find attached our latest request for funding.

Best Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

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For the 4th time

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Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi (Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

CASS-185
CSB 06

SAA FUNDING REQUIREMENT OF R7bn and NT Request

Cynthia Stimpel <CynthiaStimpel@flysaa.com>
05/08/2015 at 16:58:36

From: **Cynthia Stimpel** <CynthiaStimpel@flysaa.com>
Sent: 05/08/2015 at 16:58:36
To: **dudum@jacobzumafoundation.org.za** , **Duduzile Myeni** <dudumyeni@telkomsa.net>, **Yakhe Kwinana2** <yakhe@kwinana.co.za>, **Yakhe Kwinana** <yakhekwinana@gmail.com>, **Tony Dixon (tonydixon@telkomsa.net) (tonydixon@telkomsa.net)** <tonydixon@telkomsa.net>, **johnt@nepad.org**
Cc:

3 Attachment(s) Total 1.1 MB View

ARC - Liquidity Risks and Funding Requirement R7 bn - 04Aug15 - signed.pdf (537.5 KB)
Board -Liquidity Risks and Funding Requirement R7bn - Signed.pdf (525.6 KB)
55 -Day Consolidated Cash Flow Forecast 050815.xlsx (25.9 KB)

Dear Board Members

As you are aware, the SAA's Management Team meets with the National Treasury Team on a weekly basis to discuss various areas which has a high impact on the business, and the "Funding Requirement" being one of them. Funding is a standing Agenda item in these Weekly meetings.

It is imperative that we obtain approval from the ARC and the Board, for the Liquidity Risks and Funding Requirement of R7 bn submission **by 07 August 2015**, in order for the SAA team to send out the RFP (3 weeks), obtain the responses, evaluate the proposals, make the final decision on these proposals (1 week), arrange presentations to the Board and make the final decision regarding the potential funders. Once this is done, it will take another full month (at full stretch of all the role-players) for the negotiation of the contracts and the agreements between the funders and ourselves and the legal departments of both parties, as well as the time required for final sign off by the Minister of Finance and issuance of guarantee(s). Therefore this process will **require 7 weeks till completion and final sign off.**

The SAA Cash Flow Forecast is currently reflecting that SAA would be out of cash by end of September 2015 but could face earlier shortages of cash if the operational performance of SAA deteriorates during this period. (Refer to Attachment – 55 Day Consolidated Cash Flow Forecast).

In our meeting with NT on 4 August 2015, it was stated by NT that if SAA does not complete its "Funding processes" with all negotiations and sign offs and approvals done by mid- September 2015, then NT would not assist in any way to expedite sign off of final documents and agreements. It was emphasised that NT "would not bail out anybody if SAA precipitates the crisis"!

NT requires one week after SAA's processes are completed in order to finalise their approvals.

The ARC has met on Wednesday 28 July 2015, to deliberate on the "Funding Requirement of R7 bn", and advised that they would provide feedback by 31 July 2015 or 03 August 2015. In view of the tight deadlines mentioned above, it would be appreciated if the ARC (and the members wearing both ARC and Board hats) could approve the Round Robin (Liquidity Risks and Funding Requirement for R7 bn) that has already been distributed in order to have a decision record by latest 7 August 2015. (Please see attached ARC and Board Submissions)

Only then will SAA Treasury be able to send out the RFP to all potential funders. We will endeavour to keep the Board and National Treasury informed at each process level – via email or a formal submission of notification. Kindly note that National Treasury will be part of the evaluation team for final decisions on the proposal. This development is in accordance with a directive from National Treasury during one of the weekly meetings.

We trust that you will find the above in order.

Best regards

SAA Treasury and Finance Team.

Cynthia Stimpel | Manager : Financial Risk Management | Finance

cid:image001.jpg@01D0CF97.5275D650Phone: +27 11 978 3653 | cid:image002.jpg@01D0CF97.5275D650E-Mail: CynthiaStimpel@flysaa.com

Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

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COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
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SAA Submission
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To:	**THE SOUTH AFRICAN AIRWAYS AUDIT AND RISK COMMITTEE (ARC)**
From:	**CHIEF FINANCIAL OFFICER**
Date:	**04 August 2015**

LIQUIDITY RISKS AND FUNDING REQUIREMENT – R7 BILLION

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity risk position till March 2016.

2. Request the ARC to recommend to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to finance the March 2016 shortfall of R3.0 billion from the unutilised balance of the Going Concern Government Guarantee issued in December 2014.

3. Request the ARC to recommend to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to re-finance the R1.3 billion subordinated perpetual loan with Nedbank maturing on 30 September 2015.

4. Request the ARC to recommend to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to, on behalf of SAA and in terms of the financing required in paragraphs 2 and 3 above, to:

   a) Issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure C for the **financing of a total amount of R7 billion.**

• **Funding requirement for August 2015**	**R 1.5 bn**
• **Funding requirement for Nov 2015**	**R 2.5 bn**
• **General Banking Short Term facilities**	**R 1.3 bn**
• **Refinance Nedbank Subordinated Loan**	**R 1.3 bn**
• **Buffer - 2015**	**R 0.4 bn**
	R 7.0 bn

   b) Evaluate the proposals and appoint successful bidders with feedback to the Board on final funding outcome.

   c) Conclude, execute, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

BACKGROUND

A. CASH AND CASH EQUIVALENT FORECASTS (AT 30 JUNE 2015)

5. Annexure A reflects a high-level forecast of SAA's consolidated total cash and cash equivalent position for March 2016 inclusive of the utilisation of SAA's short term banking facilities and funding initiatives for the FY2015/16.

   The forecast is based on the Board approved FY2015/16 cash flow budget, current performance of SAA and historical trends.

   The main assumptions for the FY2015/16 forecast are as follows:

   a) Average $/R exchange rate of R12.25 for the FY2015/16.
   b) Average ICE Brent price of $80/bbl for the FY2015/16.
   c) Domestic interest rates in an upward trend.
   d) Total operational Capex provision for FY2015/16 at R608 million.
   e) No further PDP's as a result of the planned Airbus swop deal.
   f) All revenue enhancing and cost savings assumptions for the FY2015/16 included.
   g) **Additional term loan facilities of R5.7 billion** to be secured during the FY2015/16. (The Nedbank Subordinated Loan is excluded in this amount as it is not new money).
      1. Funding requirement for August 2015 R 1.5 bn
      2. Funding requirement for Nov 2015 R 2.5 bn
      3. General Banking Short Term Facilities R 1.3 bn
      4. Buffer R 0.4 bn

6. Annexure B highlights SAA's cash and cash equivalent position for the last eight financial years.

B. TOTAL FUNDING REQUIREMENT FOR 2015/16

7. The funding requirement of SAA for the FY2015/16 based on the Board approved budget and latest cash flow forecast is reflected in table 1 below:

	Funding Requirement (2015/16 Budget)	Funding Requirement 2015/16 (June 15 YTD Actual) Revised Revenue Budget
	Rm	Rm
Opening Cash Balance	(132)	(132)
Add Cash Inflow		
Domestic	18,852	17,518
International	17,663	16,069
Cash Inflow	36,515	33,587
Less Cash Outflow		
Domestic	(23,503)	(24,322)
International	(15,224)	(14,599)
Cash Outflow	(38,727)	(38,921)
Net Cash Movement	(2,212)	(5,334)
Gross Funding Requirement	(2,344)	(5,466)
Less: Restricted Cash	(879)	(879)
Less: Labour Restructuring	(200)	(200)
Less: Working Capital Buffer	(250)	(250)
Less: Bridging Finance	(1,180)	(1,180)
Total Cash Required	(4,853)	(7,975)
Add: Short-term bank funding	1,305	1,305
Total Working Capital Requirement to Finance	(3,548)	(6,670)

Table 1 – Total Funding Requirement

8. The deterioration in cash flow generated from operations is evident from the additional funding required for FY 2015/16.

9. The above cash flow requirement does not include the resumption of PDP's in the event that National Treasury does not approve the A320 – A330 swap transaction.

C. LIQUIDITY RISKS

10. The following risk factors have been developing during the last quarter of FY2014/2015 and the first quarter of FY2015/16. The impact has, since, intensified:

    a) Lower than expected sales. Cash receipts from operations continue to be below budget expectations. Monthly off-shore operational receipts to date were approximately 20% lower than forecast.

    b) The latest sales forecast from the Commercial Department reflects a drop in total sales of approximately 10% against the current budget for the remainder of the FY 2015/16. This equates to a further decline in cash of approximately R2.5 billion for the remainder of the financial year.

    c) Restricted access to owned foreign currency in countries in which SAA operate. As a result of lower oil prices, countries such as Angola, Nigeria and Mozambique are experiencing increased pressure on their foreign reserves. This has led to an increase in restricted funds which cannot be repatriated and utilised by the airline as its "free" cash. An additional $20 million is currently being restricted in Angola, Nigeria and Mozambique only.

    d) Onerous Visa requirements (certified unabridged birth certificates) implemented for minors travelling to and from South Africa. IATA predicts an average reduction in foreign visitors to South Africa in excess of 30%.

    e) Political tension in the Middle East.

    f) Poor domestic and Eurozone GDP growth.

    g) Continuous weakening of the ZAR/USD exchange rate.

11. **The stability of SAA's liquidity position for FY2015/16 will depend on the successful financing of SAA's working capital requirement for the period. The very weak $/R exchange rate and falling revenues continue to place strain on available cash balances and current indications are that free cash, without any intervention, will be depleted by 31 August 2015.**

12. The June 2015 actual net operational cash movement (adjusted for deferment of certain creditor payments) was 20% (R112 million) better than a year ago and 58% (R163 million) lower than budget.

13. The funding gap for the FY2015/16 has increased from R3.5 billion to R6.7 billion, partly as a result of the factors mentioned in paragraph 10 above.

14. As per Annexure D – SAA's debt maturity profile reflects repayments of R3 Billion in FY 2016, and R4.3 billion should the Nedbank Sub Loan be included in this tenure. The repayments for FY2019 is R3.5 billion, while the repayments in FY 2020 and FY 2022 is R1.5 billion respectively.

15. There is ever-increasing pressure on SAA from its relationship banks to guarantee the General Short-Term Banking Facilities of **R1.305 billion**. This additional requirement increases the total funding requirement for the FY2015/16 to approximately R8 billion. The Investec facility will be reduced by R75 million by 31 October. Nedbank, RMB and Citibank have hinted strongly at reduced or guaranteed facilities in the FY2015/16.

16. With regard to the Nedbank R1.3 billion subordinated loan, SAA has been advised that they intend to increase the margin on the R1.3 billion subordinated loan from 150 bps to 400 bps as a result of changes in banking regulations in terms of which the loan will, in future, be treated as quasi-equity and having to increase their capital reserve requirements. The finance team has negotiated a continuation of the current 150 bps till 30 September 2015 and intends to negotiate the refinancing of this loan on better terms.

17. Failure to provide for adequate funding would result in the possibility of SAA "trading recklessly" should a default occur. This would entail that after the first default of SAA not being able to meet its obligations, and in the ensuing 6 months thereafter, would then result in SAA "trading recklessly".

18. Failure to secure the financing by 31 August 2015 will lead to the following catastrophic events:

    a) SAA will run out of available cash from 31 August 2015, as indicated in Annexure A and operations will immediately cease due to the fact that SAA will not be able to meet its operational obligations.

    b) Failing to pay creditors will trigger default covenants in SAA's various loan agreements as well as other cross default covenants and plunge SAA and the Shareholder into a serious debt crisis.

    c) As indicated in clause 15, SAA's relationship bankers may expect total repayment of the short-term facilities reducing immediately available funding by R1.305 billion.

    d) Failure to refinance the Nedbank subordinated loan by 30 September 2015 will add additional interest cost of R5 200 000 per annum to SAA's bottom line.

D. RE-FINANCING OF THE JULY 2015 R3.0 BILLION TERM LOANS

19. The Standard Bank term loan of R1.5 billion has been extended for a further 1 year period on 15 July 2015.

20. The Citibank term loan of R1.5 billion has been extended for a further 1 year period on 17 July 2015.

E. FINANCING OF AN ADDITIONAL R3.0 BILLION WORKING CAPITAL

21. R1.5 billion was drawn from Investec on 30 April and the balance of R1.5bn from RMB on 25 June 2015. The total bridge facilities of R1 180 million secured to date to fund regular shortfalls have been repaid since.

22. The long term loans for periods of between 5 and 7 years mitigate part of the re-financing risk to which SAA is exposed annually.

F. GUARANTEES

23. A summary of the Going Concern guarantees and utilisation to date is listed in the table below:

Guarantee Awarded	Amount	Utilisation	Balance
	R'm	R'm	R'm
Subordinated Loan – Nedbank (Mar 2007)	1 300	1 300	Nil
Going Concern Guarantee (Sep 2009)	1 600		
(Allocated to ATL, Sep '14)		545	
Working Capital Utilisation (Dec '14)		1 055	Nil
Going Concern Guarantee (June 2012)	5 006		
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Dec '14)		1 700	
Working Capital Utilisation (Dec '14)		295	11
Going Concern Guarantee (Dec 2014)	6 488		
Working Capital Utilisation (Dec '14)		450	
Working Capital Utilisation (Apr '15)		1 500	
Working Capital Utilisation (Jun '15)		1 500	3 038
TOTAL	**14 394**	**11 345**	**3 049**

Table 2: Summary of Going Concern Government Guarantees

24. After having financed the original R3.0 billion working capital requirement for the FY2015/16, as approved by the Board in February 2015, the available guarantee balance is R3.049 billion.

25. The total funding requirement is R8.112 Billion. The breakdown is as follows:

- Repayment of Short term banking Facilities - R1.3 billion
- Refinancing of the Nedbank Sub-Ordinated Loan R1.3 billion
- Funding Requirement for end of August 2015 R1.5 billion
- Funding Requirement for November 2015 R2.5 billion
- Buffer 2015 R0.4 billion
- Balance of Funding Requirement for Aug 2016 R1.0 billion

R8.0 billion

26. Table 3 of Government Guarantees required: balance and new

Guarantee balance Government Guarantee Available FY 15/16	R3,049 bn	Balance of Guarantee issued Dec 2014 for R6.488
Additional Solvency Requirement for 2016/17 (Option 1*)	R5,063 bn	As per the Going Concern Application 2016/17
TOTAL 15/16/17	**R8.112**	**Total possible future Government Guarantees**

**Per Going Concern Document*

There is a short fall of about R2.014 billion for the guarantees as per the table below to meet the approximate R8 billion (R7.0bn working capital plus R1.3bn unsecured ST banking facilities) funding requirement for the financial year ending March 2016.

This short fall will be addressed with the new going concern requirements calculation for the next 18 month period for the Annual Financial Statement to be signed off by the Auditors. The going concern guarantee is crucial to address the solvency and going concern status of the airline.

Table 4 - Shortfall of Government Guarantees up to August 2016

Guarantee Available - Unutilized	R3,049 million
Additional Funding Requirement for 2015/16	(R8,000)million
Guarantee shortfall	**(R 4,951)million**

DISCUSSION

E. SOURCES OF FUNDING

27. The following sources of funding are available to fund SAA's additional working capital requirement:

a) Approach SAA's banking partners for additional unsecured facilities. This possibility is unlikely to succeed, as the banks would not increase their current facilities without being supported by a government guarantee. As discussed above some of the banks have also required the reduction of their facilities.

b) Approach the Shareholder to access SAA's Going Concern Guarantees. To date SAA has utilised this source to secure Government Guaranteed Term Facilities from its major domestic banking partners. This source is becoming more difficult to utilise due to various challenges in the South African Financial Markets and poor credit ratings of the South African Government. Risk margins have been increased by approximately 100bps in the last year.

c) Seek term funding in the Non-Banking Financial Sector, for both secured and unsecured. In response to the February RFP for R6.0 billion, as the finance team received numerous unsecured and secured proposals from this sector.

d) Possible cash flow benefits emanating from the Airbus swop transaction. These benefits are included in the cash flow forecast.

F. ALTERNATIVE SOURCES

28. Due to the ever increasing difficulty to finance SAA's working capital cash flow requirements with domestic banks, even on the back of Government Guarantees, the finance team had to pursue alternative funding sources, i.e. investment brokers, institutional investors, finance houses, etc. The Finance team has been in discussions with various non-banking financing institutions and brokers offering secured and unsecured funding.
29. Following due diligence exercises by the finance- and legal teams none of the proposals could be pursued.
30. Proposals to raise capital market funding through the issuance of foreign bonds received from First South Financial Services, Standard Bank, and Deutsche Bank could not be considered due to the added pressure on SAA's balance sheet from the additional foreign currency exposure as well as the time-to-market constraints.

31. In the submission to the Board dated 16 April 2015 requesting round-robin approval of the Investec term sheet for the financing of R1.5 billion the Board was advised of the following:

a) SAA management had resolved to finance the total requirement of R6.0 billion by 30 April 2015 in order to secure much needed liquidity for SAA. A further R1.5 billion sensitivity buffer would be financed in November 2015 if required.

b) The proposed funding plan as communicated to the National Treasury team at the time was as follows:

- Funding of R1.5 billion from Investec Bank for 7 years at 3 month Jibar plus 180bps, and
- Funding of R4.5 billion from First South Financial Services between 3 to 7 years at an all-in rate of 7.8% p.a.

c) The funding would be applied as follows:

- Draw down R1.5 billion from Investec by 30 April 2015 to fund the immediate liquidity requirement of SAA. *This draw down has been effected;*
- Draw down R1.5 billion from FSFS shortly thereafter. *This has been replaced by the R1.5 billion draw down from RMB which has been effected;*
- Draw down the balance of R3.0 billion from FSFS by 30 June 2015 to repay the Citibank and Standard Bank term-loans of R1.5 billion each. *FSFS could not raise the funds in time;*
- Any surplus borrowing would be applied to reduce current unsecured short-term banking facilities.

32. After continued engagement during April with the second preferred bidder, First South Financial Services, in an attempt to secure the R4.5 billion offered facility by 30 April 2015, it became evident that the bidder did not have the capacity to execute the transaction in the required time frame. SAA was therefore compelled to revert back to initial proposals for the financing of a total of the R6.0 billion as per the initial RFP.

33. The amended proposed funding plan for the balance of R4.5 billion on the back of the R6.488 billion Guarantee was as follows:

a) Funding of R1.5 billion from Rand Merchant Bank by 30 June 2015 for 5 years at 3 month Jibar plus 200 bps. (effective 8.35% p.a.). This draw down was successfully concluded.

The amended proposed funding plan for the rollover of two amounts of R1.5 billion, totalling R3 billion on the back of the R5.006 billion Guarantee was as follows:

b) Re-financing of the Standard Bank R1.5 billion term facility maturing on 30 June 2015, with Standard Bank, for a further 1 year period. This process has been concluded, and

c) Re-financing of the Citibank R1.5 billion term facility maturing on 30 June 2015, with Citibank for a further 1 year period. This process has been concluded.

34. Due to fact that SAA only considers funding of the cash requirement for the current financial year and not the quantum of its debt requirement for periods in excess of 10 years, benefits such as cost reductions and refinancing risk mitigation cannot be utilised. As reported monthly, SAA continuously repatriates the bulk of its currency holdings to fund short ZAR positions depriving SAA from the opportunity to build up its currency holdings and thereby improving its natural hedge, reducing the company's overall currency risk as well as hedging costs. (The current net currency exposure is circa $340 million per annum)

G. METHODS OF FUNDING

35. Debt capital market funding is usually financed via a bond issued off a Placing Document which can either be a Domestic Medium Term Note programme ("DMTN") or an Offering Circular depending on the anticipated frequency of issuance. A DMTN programme is a common set of terms and conditions that govern the future issuance of a variety of debt instruments, including, but not limited to Commercial Paper ("CP") and corporate bonds. SAA has successfully listed a R2.0 billion DMTN programme on the Johannesburg Stock Exchange. Any bond issuance would have to be government guaranteed.

36. The debt capital markets offer the following benefits to Issuers:

    a) The time-to-market is generally quicker than negotiating loan documentation with banks.
    b) Provide a more diversified funding base which will become increasingly necessary with the implementation of Basel III.
    c) Capital market instruments seldom contain financial covenants.
    d) The standard nature of the terms and conditions alleviates the need to individually negotiate terms and conditions with lenders.

37. Although Government guaranteed, credit margins offered to SAA are generally higher than that of SOC's such as Transnet and Eskom due to the poor balance sheet of SAA. Fees associated with bond issuances are very high. This option of funding is not currently being pursued.

38. Bank funding is generally the traditional funding mechanism that SAA is accustomed to. Although credit margins are generally higher than those of bond issuances, associated fees are zero or very low. This form of financing has been successfully executed by SAA with the support of the Department of Finance over the last three years.

H. CONCLUSION

39. As a result of the success achieved in arranging term bank funding through the support of the Department of Finance on the back of the government guarantee, it is recommended that SAA continues with Bank funding together with the Debt capital markets through the DMTN.

40. It is further recommended that the RFP be issued to major role players in the Non-Banking Financial Sector and specifically those who have recently showed an interest in the funding of SAA as per annexure C.

41. It is recommended that SAA continue the practice for not sending out an open RFP due to the confidential and sensitive nature of SAA's finances.

42. The cash position remains under pressure and SAA is experiencing increased risk to finance its working capital requirements, even on the back of Government Guarantees.

I. FINANCIAL IMPLICATION

43. The inability of the company to address the funding requirements by 31 August 2015 exposes the company to serious operational and financial risks.

J. PFMA IMPLICATION

44. As per the terms and conditions set by the Ministers of Finance governing the awarding of the Government Guarantees. All utilisation of the guarantees will have to be approved by the Minister of Finance.

K. APPROVAL PROCESS

45. The utilisation of the guarantees to fund the working capital requirements must be approved by the EXCO, Audit and Risk Committee, Board of Directors and the Minister of Finance.

46. Any unsecured funding for tenures longer than 1 year must be approved by the EXCO, Audit and Risk Committee and the Board of Directors.

47. All secured funding must be approved by the EXCO Audit and Risk Committee, Board and National Treasury.

48. This finance team will conclude transactions in conjunction with the Department of Finance.

L. RECOMMENDATION

It is recommended that the ARC:

49. Takes note of SAA's cash and liquidity risk position till March 2016.

50. Recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to finance the March 2016 shortfall of R3.0 billion from the unutilised balance of the Going Concern Government Guarantee issued in December 2014.

51. Recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to re-finance the R1.3 billion subordinated perpetual loan with Nedbank maturing on 30 September 2015.

52. Recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, or Lindsay Olitzki, HOD: Financial Accounting to, on behalf of SAA and in terms of the financing required in paragraphs 2 and 3 above, to:

    a) Issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure C for the **financing of a total amount of R7.0 billion**.

• **Funding Requirement for August 2015**	**R 1.5 bn**
• **Funding Requirement for Nov 2015**	**R 2.5 bn**
• **General Banking Short Term Facilities**	**R 1.3 bn**
• **Refinance Nedbank Subordinated Loan**	**R 1.3 bn**
• **Buffer – 2015**	**R 0.4 bn**
	R 7.0 bn

    b) Evaluate the proposals and appoint successful bidders with feedback to the Board on final funding outcome.

    c) Conclude, execute, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

IP

SIGNATURES:

1. Compiled by:

Acting Group Treasurer
Cynthia Stimpel

Signature

2. Supported by:

Chief Financial Officer
Wolf Meyer

Signature 24/7/15

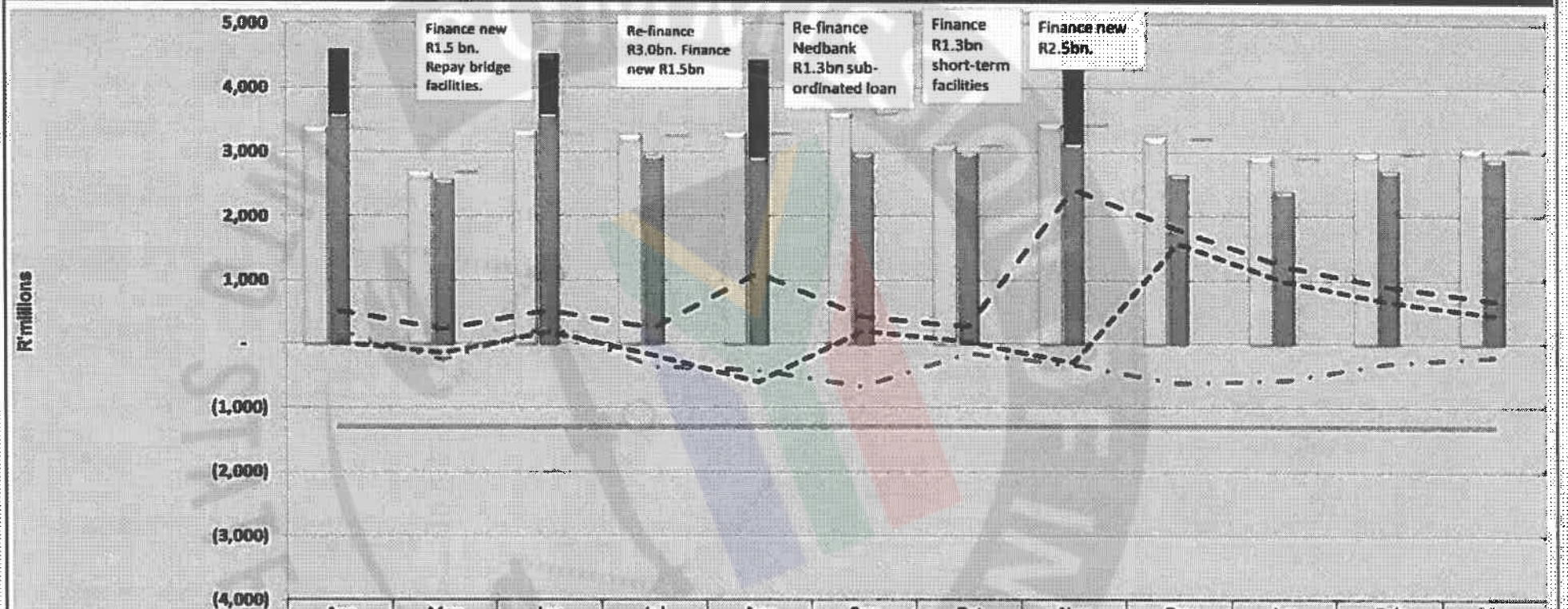
3. Supported by the Acting CEO:

Acting CEO
Nico Bezuidenhout

P.P. Signature 24/7/15

Annexure A

CONSOLIDATED CASHFLOWS (Mar 2016 Forecast) 30 June 2015 (Incl. funding initiatives)

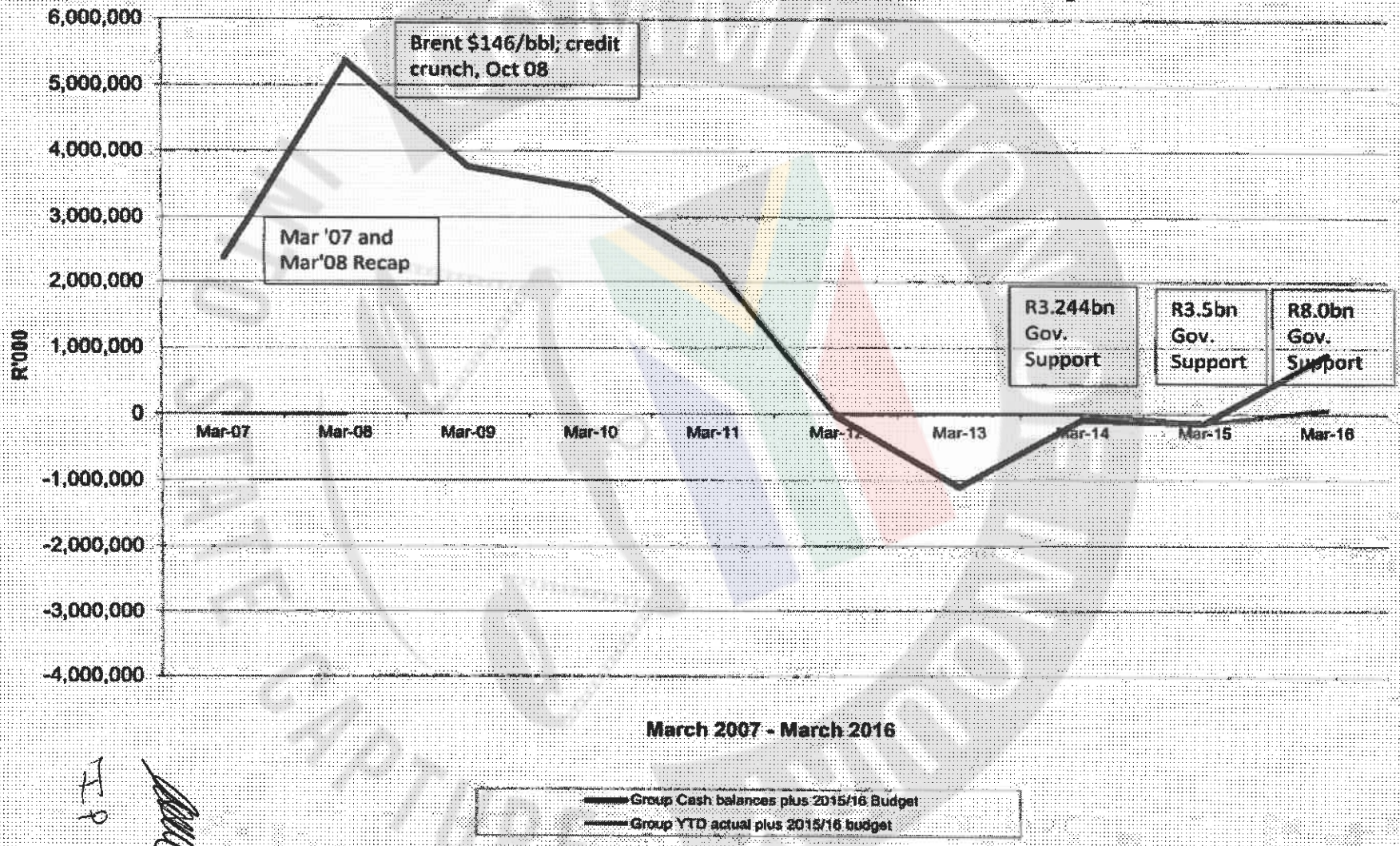


	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Total Capex	17	124	17	50	50	50	50	50	50	50	50	50
Total Operational Outflows	3,386	2,700	3,323	3,271	3,313	3,620	3,121	3,448	3,238	2,931	2,999	3,060
Funding Initiatives	990	-	920	-	1,500	-	-	2,500	-	-	-	-
Total Ops Inflows	3,607	2,570	3,606	2,946	2,941	2,986	3,005	3,154	2,661	2,400	2,729	2,891
Net Cash Flow	205	(254)	266	(375)	(422)	(684)	(165)	(344)	(627)	(581)	(320)	(219)
ST Banking Facilites	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)
Group Cash Balance	17	(152)	187	(188)	(610)	206	41	(303)	1,570	989	669	451
Available Cash (Ex buffer)	521	234	521	238	1,116	432	267	2,423	1,796	1,215	895	677

CASS-198

Annexure B

SAA Group Cash and Cash Equivalents - History and Forecast



CASS-199

Annexure C

Summary of Proposals
Received in response to February 2015 RFP for R6.0 billion

Counterparty		Type of Funding	Cur	Term (Zar or Zar Equivalent offered)				
				6 - 12 months	3 years	5 years	7 years	10 years
Investec	Banking	Guranteed Term Facility	ZAR				1,500,000,000	
RMB	Banking	Guranteed Term Facility	ZAR			1,500,000,000		
Standard Bank	Banking	Guranteed Term Facility	ZAR	1,500,000,000				
Citibank	Banking	Guranteed Term Facility	ZAR	1,500,000,000				
Stanchart	Banking	Guranteed Term Facility	ZAR		1,000,000,000			
Deutsche Bank	Banking	Amortising loan	ZAR				6,000,000,000	
Deutsche Bank	Banking	Amortising loan	ZAR					6,000,000,000
RMB	Banking	DMTN Issuance	ZAR				1,250,000,000	
Standard Bank	Banking	Euro Bond (Rand equivalent)	USD				11,630,000,000	
Standard Bank	Banking	Euro Bond (Rand equivalent)	USD					11,630,000,000
ABSA Bank	Banking	No Appetite						
Morgan Stanley	Banking	Possible off-shore bond program						
Goldman Sachs	Banking	No Appetite						
HSBC	Banking	Possible off-shore bond program						
JP Morgan Chase	Banking	Possible off-shore bond program						
Nedbank	Banking	No Appetite						
Batho Malile Holdings	Non Banking	Unsecured Term Facility	ZAR			14,000,000,000		
China Inv. Corp	Non Banking	Project Finance only						
Condition Int Consulting	Non Banking	Guranteed Term Loan Facility	ZAR					14,000,000,000
First South Fin Serv.	Non Banking	Guranteed Term Facility	ZAR				1,500,000,000	
First South Fin Serv.	Non Banking	Guaranteed Bond Program (ZAR)	USD			4,500,000,000		
Hamerschlag/Towestco	Non Banking	Guranteed Term Facility	ZAR					6,000,000,000
Innovex	Non Banking	Guaranteed Term Loan Facility	ZAR					
Kahil	Non Banking	Unsecured Term Facility	ZAR					14,000,000,000
KFH Investment	Non Banking	Guaranteed Bridge Facility	USD	2,000,000,000				
PIC	Non Banking	Unsecured Bridge	ZAR	250,000,000				
PIC	Non Banking	Guaranteed Term Loan Facility	ZAR					
Sotobe	Non Banking	Guaranteed Term Loan Facility	ZAR					

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Annexure D – SAA'S DEBT MATURITY PROFILE

DEBT MATURITY PROFILE OF SAA - JULY 2015					FY1	FY2	FY3	FY4	FY5	FY6	FY7	FY8	FY9	FY10	
NO	INSTITUTION	INTEREST	ZAR LOAN AMOUNT	MATURITY	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	TOTAL
1	Nedbank	7.60%	1,300,000,000	30-Sep-15	1,300,000,000.0										1,300,000,000.0
2	Nedbank	7.75%	1,055,000,000	09-Dec-19	-			1,055,000,000							1,055,000,000.0
3	Nedbank	8.00%	295,000,000	09-Dec-19	-			295,000,000							295,000,000.0
4	Nedbank	7.75%	450,000,000	09-Dec-19	-			450,000,000							450,000,000.0
5	Standard Bank	6.75%	1,500,000,000	15-Jul-16	1,500,000,000.0										1,500,000,000.0
6	Citibank	6.70%	1,500,000,000	16-Jul-16	1,500,000,000.0										1,500,000,000.0
7	ABSA	7.60%	1,700,000,000	31-Dec-19	-			1,700,000,000							1,700,000,000.0
8	Investec	7.90%	1,500,000,000	30-Apr-22	-						1,500,000,000				1,500,000,000.0
9	RMB	8.10%	1,500,000,000	11-Dec-20	-	-	-		1,500,000,000						1,500,000,000.0
	LONG TERM FUNDING	6.68%	10,800,000,000	391,521	4,300,000,000	-	-	3,500,000,000	1,500,000,000	-	1,500,000,000			-	10,800,000,000
		Unutilized portion	3,000,000,000												
		ATL	545,000,000												
		TOTAL GUARANTEES	14,345,000,000												

CASS-201

CASS-202
CSB07

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

AUDIT AND RISK COMMITTEE

DECISION RECORD

Date: 24 August 2015

Title of Proposal: Funding Requirements and Liquidity Risks

Project of Owner: CFO

Project Description / Purpose:

To request the Audit and Risk Committee members to: -

(a) take note of SAA's cash and liquidity risk position till March 2016.

(b) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to finance the March 2016 shortfall of R3.0 billion from the unutilised balance of the Going Concern Government Guarantee issued in December 2014.

(c) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to re-finance the R1.3 billion subordinated perpetual loan with Nedbank maturing on 30 September 2015.

(d) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to, on behalf of SAA and in terms of the financing required in paragraphs 2 and 3 above, to:

i. issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure C for the **financing of a total amount of R7.0 billion**.

• **Funding Requirement for August 2015**	**R 1.5 bn**
• **Funding Requirement for Nov 2015**	**R 2.5 bn**
• **General Banking Short Term Facilities**	**R 1.3 bn**
• **Refinance Nedbank Subordinated Loan**	**R 1.3 bn**
• **Buffer – 2015**	**R 0.4 bn**
	R 7.0 bn

ii. evaluate the proposals and appoint successful bidders with feedback to the Board on final funding outcome.

conclude, execute, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Decision Required:

That the Audit and Risk Committee:-

(a) takes note of SAA's cash and liquidity risk position till March 2016.

(b) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial

Other restrictions that could be recommended by members.

DP

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Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to finance the March 2016 shortfall of R3.0 billion from the unutilised balance of the Going Concern Government Guarantee issued in December 2014.

(c) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to re-finance the R1.3 billion subordinated perpetual loan with Nedbank maturing on 30 September 2015.

(d) recommends to the Board to adopt a resolution authorising Wolf Meyer, Chief Financial Officer, **or** Lindsay Olitzki, HOD: Financial Accounting to, on behalf of SAA and in terms of the financing required in paragraphs 2 and 3 above, to:

iii. issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure C for the **financing of a total amount of ~~R7.0 billion~~** 15bn.

• **Funding Requirement for August 2015**	**R 1.5 bn**
• **Funding Requirement for Nov 2015**	**R 2.5 bn**
• **General Banking Short Term Facilities**	**R 1.3 bn**
• **Refinance Nedbank Subordinated Loan**	**R 1.3 bn**
• **Buffer – 2015**	**R 0.4 bn**
	~~R7.0 bn~~ 16bn

iv. evaluate the proposals and appoint successful bidders with feedback to the Board on final funding outcome.

conclude, execute, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Approved	☐	**Referred Back for Rework**	☐	**Declined**	☐

Conditions / Follow-up Actions: ① Issue an RFP for financing a total of R15bn. (debt consolidation)

② The Board, as a whole, and acting CEO should be included in the process of issuing an RFP, evaluating proposals and appointing bidders.

Members:	Signature:
Ms Y Kwinana	
Dr J Tambi	
Mr A Dixon	

④ Consider secured and unsecured funding when going out to the market.

⑤ Limit the RFP to the counterparties who had responded to SAA in February 2015 and

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COMMISSION OF INQUIRY
INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Fax: 27 11 978-5919

Email: companysecretary@flysaa.com

10 SEPTEMBER 2015

Dear Director

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2015/B55: LIQUIDITY RISKS AND FUNDING REQUIREMENT – R15 BILLION RFP APPROVAL

We refer to the above matter and attach hereto the Written Resolution No. 2015/B55.

Kindly consider, sign and return to us the Written Resolution by 12h00, Monday, 14 September 2015 via email or fax to this number 011 978 2545.

Kind regards

Ruth Kibuuka
Company Secretary

COMMISSION OF INQUIRY INTO STATE CAPTURE

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

Annexure A1.

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**THE SOUTH AFRICAN AIRWAYS BOARD OF DIRECTORS (BOARD)**
From:	**CHIEF FINANCIAL OFFICER**
Date:	**10 September 2015**

LIQUIDITY RISKS AND FUNDING REQUIREMENT – R15 BILLION – RFP APPROVAL

PURPOSE

The purpose of this submission is to:

1. Request the Board to approve the RFP for the financing of R15 billion. (Annexure A)
2. Confirm the list of counterparties to be included in the RFP. (Annexure B)

BACKGROUND

3. On 26 August 2015 the Board resolved to:

   a) note SAA's cash and liquidity risk position till March 2016.

   b) approve the recommendation to adopt a resolution authorising the following persons:

   - Wolf Meyer, Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting.
   - Thuli Mpshe, Acting CEO; and
   - The Board

to:

   a) issue a RFP for long term funding to **Banking and Non-Banking Financial Institutions**, as per Annexure B for the **financing of a total amount of R15 billion** in order to consolidate the current debt portfolio of the company;
   b) include the Board as a whole and Acting CEO, together with the CFO and/or HOD Finance in the process of issuing the RFP, evaluating the proposals and appointing bidders;
   c) ensure that the RFP takes into account secured and unsecured funding when going into the market;
   d) ensure the RFP is limited to the counterparties that responded to SAA in the February 2015 RFP (as per Annexure B), as well as other institutions that can be recommended by the Board members and attendees.

4. It was a condition of the Board that the RFP must be circulated to Board members for input and approval.

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

LIQUIDITY RISKS

5. Although the cash position has improved during August 2015, the stability of SAA's liquidity position for remainder of the FY2015/16 will depend on the successful financing of SAA's working capital requirement for the period. The very weak $/R exchange rate and falling revenues continue to place strain on available cash balances and current indications are that free cash, without any intervention, will be depleted by 31 October 2015.

6. There is ever-increasing pressure on SAA from its relationship banks to guarantee the General Short-Term Banking Facilities of **R1.305 billion**. The Investec facility will be reduced by R75 million by 31 October. Nedbank, RMB and Citibank have hinted strongly at reduced or guaranteed facilities in the FY2015/16.

7. With regard to the Nedbank R1.3 billion subordinated loan, SAA has been advised that they intend to increase the margin on the R1.3 billion subordinated loan from 150 bps to 400 bps as a result of changes in banking regulations in terms of which the loan will, in future, be treated as quasi-equity and having to increase their capital reserve requirements. The finance team has negotiated a continuation of the current 150 bps till 30 September 2015 and intends to negotiate the refinancing of this loan on better terms.

8. Failure to refinance the Nedbank subordinated loan by 30 September 2015 will add additional interest cost of approximately R400 000 per month to SAA's bottom line. It is evident that the refinancing will not be concluded by 30 September 2015.

9. Should SAA find that it is reasonably unlikely that they will be able to pay their debts as and when they become due and payable within the immediate 6 months , this would mean that they are in financial distress, whereby timeous business rescue and other implications per the directives under the Companies Act would need to be actioned.

10. Failure to secure the financing by 31 October 2015 will lead to the following catastrophic events:

    a) SAA will run out of available cash from 31 October 2015 and operations will immediately cease due to the fact that SAA will not be able to meet its operational obligations.

    b) Failing to pay creditors will trigger default covenants in SAA's various loan agreements as well as other cross default covenants and plunge SAA and the Shareholder into a serious debt crisis.

    c) As indicated in clause 6, SAA's relationship bankers may expect total repayment of the short-term facilities reducing immediately available funding by R1.305 billion.

11. Directly after issuing of the RFP, the management team will attempt to secure bridging finance of at least R1.0 billion in order to fund any shortfalls till conclusion of the required funding.

CONCLUSION

12. It is recommended that the RFP be finalised and sent out as soon as possible in order to prevent further delays and incur unnecessary interest cost. Without any undue delays the financing process is expected to be concluded by the end of November 2015.

IP

FINANCIAL IMPLICATION

13. The inability of the company to address the funding requirements by 31 October 2015 exposes the company to serious operational and financial risks.

PFMA IMPLICATION

14. As per the terms and conditions set by the Minister of Finance governing the awarding of the Government Guarantees, all utilisation of the guarantees will have to be approved by the Minister of Finance.

APPROVAL PROCESS

15. The utilisation of the guarantees to fund the working capital requirements must be approved by the EXCO, Audit and Risk Committee, Board of Directors and the Minister of Finance.

16. Any unsecured funding for tenures longer than 1 year must be approved by the EXCO, Audit and Risk Committee and the Board of Directors.

17. All secured funding must be approved by the EXCO, Audit and Risk Committee, Board and National Treasury.

18. The finance team will conclude transactions in conjunction with the Department of Finance.

RECOMMENDATION

It is recommended that the BOARD:

19. Approves the RFP for the financing of R15 billion. (Annexure A)

20. Confirms the list of counterparties to be included in the RFP. (Annexure B)

SIGNATURES:

1. Compiled by:

Acting Group Treasurer
Michael Kleyn

Signature

2. Supported by:

Acting Chief Financial Officer
Lindsay Olitzki

Signature

3. Supported by:

Acting Chief Executive Officer
Thuli Mpshe

Signature

Annexure 'A'

SOUTH AFRICAN AIRWAYS

South African Airways
6th Floor
Airways Park
Jones Road
Kempton Park

Private Bag X13
OR Tambo International Airport
1627
Tel: 27 11 978-1515/2408
Email: thulimpsha@flysaa.com
wolfmeyer@flysaa.com;

11 September 2015

TO WHOM IT MAY CONCERN

REQUEST FOR LONG TERM FUNDING:

1. **AMOUNT:** **R15 BILLION**
2. **PURPOSE:** **DEBT CONSOLIDATION**
3. **FUNDERS;** **BANKING AND NON-BANKING FINANCIAL INSTITUTIONS**
4. **TENURE:** **LONG TERM FUNDING - DURATION BUCKETS 5, 6, 7, 8, 9, 10**
5. **TYPE:** **SECURED AND UNSECURED FUNDING**
6. **CURRENCY:** **ZAR**
7. **START DATE:** **14 SEPTEMBER 2015**
8. **CLOSING DATE:** **2 OCTOBER 2015**
9. **BRIDGING FINANCE IN THE INTERIM:** **R1 BILLION (3 months)**

South African Airways (SAA) requires funding to meet its working and capital expenditure requirements as well as to consolidate its current debt portfolio.

To this end SAA invites proposals for ZAR funding with tenure (tenor) ranging from 5 to 10 years by either bank credit facility or other, **secured and unsecured**. Even though the source may be foreign, SAA would prefer ZAR funding, to avoid any possible currency risk

SAA would require bridging finance of R1 billion for a period of 3 (three) months – unsecured.

SAA would not consider any Commercial Paper or Bonds issuance at this stage.

Kindly provide SAA with detailed structures, pricing, and tenure of the said funding by no later than **2 October 2015 at 12h00 noon.**

For further clarification, all queries must be in writing to the nominated email address below and therefore no telephonic queries will be allowed for the purpose of recording the communication with the market.

For transparency and proper governance process, kindly submit all proposals via email to the following email address:

saafundingrfp@flysaa.com;

Kindly note that proposals will not be considered should they be submitted through channels other than the email address above.

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

IP

Yours sincerely,

Thuli Mpshe
Acting Chief Executive Officer of SAA

Date

Wolf Meyer - Chief Financial Officer of SAA

Date

D Myeni – Chairperson of the SAA Board

Date

Y Kwinana – Member of the SAA Board

Date

J E Tambi – Member of the SAA Board

Date

A Dixon – Member of the SAA Board

Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure 'B'

Annexure B

List of Potential Funders for the R15 billion RFP

NO	POTENTIAL FUNDERS	TYPE
1	Investec	Banking
2	Rand Merchant Bank	Banking
3	Standard Bank	Banking
4	Citibank	Banking
5	Standard Chartered Bank	Banking
6	Deutsche Bank	Banking
7	RMB	Banking
8	Standard Bank	Banking
9	ABSA Bank	Banking
10	Morgan Stanley	Banking
11	Goldman Sachs	Banking
12	HSBC	Banking
13	JP Morgan Chase	Banking
14	Nedbank	Banking
15	Batho Malile Holdings	Non-Banking Financial Institutions
16	China Inv. Corp	Non-Banking Financial Institutions
17	Condition Int Consulting	Non-Banking Financial Institutions
18	First South Fin Serv.	Non-Banking Financial Institutions
19	Hamerschlag/Towestco	Non-Banking Financial Institutions
20	Innovex	Non-Banking Financial Institutions
21	Kahil	Non-Banking Financial Institutions
22	KFH Investment	Non-Banking Financial Institutions
23	PIC	Non-Banking Financial Institutions
24	Sotobe	Non-Banking Financial Institutions
25	Seacrest	Non-Banking Financial Institutions
26	Kinfedi	Non-Banking Financial Institutions
27	Condition International Consulting	Non-Banking Financial Institutions
28	GTRA Holdings (Pty) Limited	Non-Banking Financial Institutions

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SOUTH AFRICAN AIRWAYS SOC LIMITED (THE COMPANY)

Registration Number 1997/022444/30

DECISION RECORD OF THE BOARD

Date: 26 AUGUST 2015

Title of Proposal: FUNDING REQUIREMENTS AND LIQUIDITY RISKS

Project Owner: CFO

Project Description / Purpose:

To request the Board to adopt the resolution set out below.

Board of Directors Resolution:

The Board of Directors RESOLVED to :

1. note SAA's cash and liquidity risk position till March 2016.
2. approve the recommendation to adopt a resolution authorising the following persons:
   - Wolf Meyer, Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting, ~~and~~
   - Thuli Mpshe, Acting CEO ; and
   - The Board

to:

a) issue an RFP for long term funding to Banking and Non-Banking Financial Institutions, as per Annexure C for the financing of a total amount of R15 billion in order to consolidate the current debt portfolio of the company;
b) include the Board as a whole and Acting CEO, together with the CFO and/or HOD Finance in the process of issuing the RFP, evaluating the proposals and appointing bidders;
c) ensure that the RFP takes into account secured and unsecured funding when going into the market;
d) ensure the RFP is limited to the counterparties that responded to SAA in the February 2015 RFP (As per Annexure C), as well as other institutions that can be recommended by the ~~Committee~~ Board members and attendees.

Approved ☑ **Referred Back for Rework** ☐ **Declined** ☐

Conditions / Follow-up Actions: ① Chairperson of the Board to be given an

opportunity to inform the Minister prior to the issuing of the RFP.

② The RFP must be circulated to Board Members, for input and approval.

Members:	Signature:
1. Ms Duduzile Myeni	
2. Dr JE Tambi	
3. Ms Yakhe Kwinana	
4. Mr AD Dixon	
5. Mr Wolf Meyer	

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CASS-215
C66 09

DUPLICATE DOCUMENT REMOVED

COMMISSION OF INQUIRY
INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Fax: 27 11 978-2545

Email: companysecretary@flysaa.com

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2015/B55: LIQUIDITY RISKS AND FUNDING REQUIREMENT – R15 BILLION RFP APPROVAL

The Board by Round Robin 2015/B55 as of 18 September 2015 **RESOLVED** to:

1. approve the Request For Proposals (RFP) for the financing of R15 billion **(Annexure A)**
2. confirm the list of counterparties to be included in the RFP**(Annexure B)**

Certified a true copy.

Ruth Kibuuka
Company Secretary

Date: 06/10/2015

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

CSB 11

SOUTH AFRICAN AIRWAYS

South African Airways
6th Floor
Airways Park
Jones Road
Kempton Park

Private Bag X13
OR Tambo International Airport
1627
Tel: 27 11 978-1515/2408
Email: thulimpshe@flysaa.com
wollmeyer@flysaa.com;

22 September 2015

TO WHOM IT MAY CONCERN

REQUEST FOR LONG TERM FUNDING:

1. **AMOUNT:** R15 BILLION
2. **PURPOSE:** DEBT CONSOLIDATION
3. **FUNDERS;** BANKING AND NON-BANKING FINANCIAL INSTITUTIONS
4. **TENURE:** LONG TERM FUNDING - DURATION BUCKETS 5, 6, 7, 8, 9, 10
5. **TYPE:** SECURED AND UNSECURED FUNDING
6. **CURRENCY:** ZAR
7. **START DATE:** 23 SEPTEMBER 2015
8. **CLOSING DATE:** 13 OCTOBER 2015
9. **BRIDGING FINANCE IN THE INTERIM:** R1 BILLION (3 months)

South African Airways (SAA) requires funding to meet its working and capital expenditure requirements as well as to consolidate its current debt portfolio.

To this end SAA invites proposals for ZAR funding with tenure (tenor) ranging from 5 to 10 years by either bank credit facility or other, **secured and unsecured**. Even though the source may be foreign, SAA would prefer ZAR funding, to avoid any possible currency risk

SAA would require bridging finance of R1 billion for a period of 3 (three) months – unsecured.

SAA would not consider any Commercial Paper or Bonds issuance at this stage.

Kindly provide SAA with detailed structures, pricing, and tenure of the said funding by no later than 13 October 2015 at 12h00 noon.

For further clarification, all queries must be in writing to the nominated email address below and therefore no telephonic queries will be allowed for the purpose of recording the communication with the market.

For transparency and proper governance process, kindly submit all proposals via email to the following email address:
saafundingrfp@flysaa.com;

Kindly note that proposals will not be considered should they be submitted through channels other than the email address above.

Directors

DC Myeni* (Chairperson), WH Meyer (Chief Financial Officer), Y Kwinana*, JE Tambi*(Sierra Leonean), AD Dixon*

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/33

A STAR ALLIANCE MEMBER

Yours sincerely,

Thuli Mpshe
Acting Chief Executive Officer of SAA

10/9/15
Date

Wolf Meyer - Chief Financial Officer of SAA

10/9/15
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

MUST BE SUBMITTED ON CLIENT LETTERHEAD

Term Loan Facility Termsheet

for

Client:

DATE:

COMMISSION OF INQUIRY INTO STATE CAPTURE

1 PARTIES	
Borrower:	
Lender	
Guarantor	
2 FACILITY	
Facility Description:	
Facility Amount:	
Effective date	The date on which the transaction documents are concluded and become unconditional.
Instrument	
Term:	
Final Maturity Date:	
Funding Currency	
Purpose:	
Loan Availability Period:	
Drawdown:	
3 PRICING	
Base Rate:	
Interest Rate:	
Reference Rate:	
Margin:	
Interest Period:	
Default Interest:	
Increases Costs:	
Other Fees: (Commitment, Arrangement etc Fees)	
4 REPAYMENT & PREPAYMENT	
Repayment:	
Voluntary Prepayment	

COMMISSION OF INQUIRY INTO STATE CAPTURE

Security:	
5 REPRESENTATIONS, UNDERTAKING, COVENANTS AND DEFAULTS	
Representations and Warranties:	•
Draw Down Covenants:	
Events of Default:	•
Undertakings:	•
6 CONDITIONS PRECEDENT	
Conditions Precedent:	•
7 MISCELLANEOUS	
Costs and Expenses:	Each party to bear its own cost for drafting and execution of the agreement.
Transferability:	The lender shall have the right to cede its rights and obligations in terms of the Facility to a Third party without the consent of the Borrower.

THIS TERM SHEET IS INDICATIVE OF THE LIKELY TERMS AND CONDITIONS BUT IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF TERMS AND CONDITIONS THAT WILL BE SET OUT IN THE FINANCE DOCUMENTS.

THIS TERM SHEET DOES NOT REPRESENT A LEGALLY BINDING FINANCING COMMITMENT (IMPLIED OR OTHERWISE) AND REMAINS SUBJECT TO, INTER ALIA, INTERNAL CREDIT APPROVAL, EXECUTION OF THE FINAL APPROVED CONTRACTUAL AGREEMENTS AND SATISFACTORY FINANCE DOCUMENTS BEING NEGOTIATED ON TERMS ACCEPTABLE TO LENDER.

FINANCE DOCUMENTS SHALL SUPERSEDE THE TERMS AND CONDITIONS INCLUDED IN THIS TERM SHEET AND IN CASE OF CONTRADICTION, PROVISIONS OF THE FINANCE DOCUMENTS SHALL PREVAIL.

By our signature we hereby accept the terms of this Term Sheet.

Signatory:
Date:

Signatory:
Date:

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY
INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**THE SOUTH AFRICAN AIRWAYS FINANCE RISK SUB COMMITTEE (FRSC)**
From:	**GROUP TREASURER**
Date:	**19 November 2015**

LIQUIDITY RISKS AND FUNDING REQUIREMENT – APPROVAL OF R15 BILLION TERM LOAN FACILITY

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity position and requirements until March 2016.
2. Provide an update on SAA's funding activities to date.
3. Request the FRSC to review the submission, mandate the Acting Chief Financial Officer, as Chairperson of the FRSC to recommend to the SAA EXCO for approval, of the secured term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), and to the SAA Audit Committee (ARC) and SAA Board of Directors (Board), for the consolidation of the current debt portfolio of the company.
4. Request the FRSC to mandate the Acting Chief Financial Officer to recommend to the EXCO, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, to recommend to the ARC and Board to mandate the Acting Chief Financial Officer to pursue a combination of the Standard Chartered Bank, ABSA and Nedbank offers as the next alternative to finance the additional funding requirement for the FY2015/16.

BACKGROUND

A. FUNDING RFP APPROVAL

5. On 26 August 2015 the Board resolved to:

   a) note SAA's cash and liquidity position till March 2016 and the risks related thereto.

   b) approve the recommendation to adopt a resolution authorising the following persons:

   - Wolf Meyer, Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting.
   - Thuli Mpshe, Acting CEO; and
   - The Board

   to:

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**THE SOUTH AFRICAN AIRWAYS MANAGEMENT COMMITTEE (MANCO)**
From:	**GROUP TREASURER**
Date:	**20 November 2015**

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity position and requirements until March 2016.

2. Provide an update on SAA's funding activities to date.

3. Request the MANCO to review the submission, mandate the Acting Chief Financial Officer or HOD Financial Accounting to recommend to the SAA Audit Committee (ARC) and the SAA Board of Directors (Board), for approval of the **secured** term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.

4. Request the MANCO to mandate the Acting Chief Financial Officer or the HOD Financial Accounting to recommend to the SAA Audit Committee (ARC) and the SAA Board of Directors (Board), that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, to recommend to the ARC and Board to mandate the Acting Chief Financial Officer or HOD Financial Accounting to pursue a combination of the Standard Chartered Bank, ABSA and Nedbank offers as the next alternative to finance the additional funding requirement for the FY2015/16.

5. Request the MANCO to mandate the Acting Chief Financial Officer or the HOD Financial Accounting to recommend to the ARC and Board to adopt a resolution authorising the following persons:

   - Acting Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting; and
   - Musa Zwane, Acting CEO

   to:

   a) Appoint the successful bidder(s) as recommended in paragraphs 3 and 4 above;
   b) Conclude, execute and sign, on behalf of SAA, the Term Loan Agreement for an amount not exceeding R15 billion with Seacrest Investments 115 (Pty) Limited for the consolidation of the current debt portfolio of the company.
   c) On behalf of SAA and in terms of the Term Facility Agreement mentioned in (b) above, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**THE SOUTH AFRICAN AIRWAYS EXECUTIVE COMMITTEE (EXCO)**
From:	**GROUP TREASURY**
Date:	**24 November 2015**

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity position and requirements until March 2016.

2. Provide an update on SAA's funding activities to date.

3. Request the EXCO to approve and recommend to the SAA Audit Committee (SAA ARC) and the SAA Board of Directors (SAA Board), the following:

   3.1. to approve the **secured** term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.

   3.2. To approve as an alternative finance, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers as the next alternatives to finance the additional funding requirement for the FY2015/16.

4. Request the EXCO to approve and recommend to the SAA ARC and SAA Board to adopt a resolution authorising the following persons to appoint the successful bidder(s) as recommended in paragraph 3 above:

   - Acting Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting; and
   - Musa Zwane, Acting CEO

INTO STATE CAPTURE

a) issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure D for the **financing of a total amount of R15 billion** in order to consolidate the current debt portfolio of the company;
b) include the Board as a whole and Acting CEO, together with the CFO and/or HOD Finance in the process of issuing the RFP, evaluating the proposals and appointing bidders;
c) ensure that the RFP takes into account secured and unsecured funding when going into the market; and
d) ensure the RFP is limited to the counterparties that responded to SAA in the February 2015 RFP (see attached **Annexure D**), as well as other institutions that can be recommended by the Board members and attendees.

6. The draft RFP and proposed list of potential bidders was approved by the Board on 18 September 2015 (**Annexure D**), however, the Board noted that members and attendees may be aware of institutions which may be able to assist and members and attendees are encouraged to recommend and to submit names of other potential bidders to management.

7. The Board noted that the management team would through the RFP process secure bridging finance of at least R1.0 billion in order to fund any shortfalls pending the conclusion of the required funding. A request for proposals for bridging finance of at least R1.0 billion were included in the RFP in order to fund any shortfalls pending the conclusion of the required funding.

8. The submissions from the potential Funders were evaluated in accordance with the criteria embedded in the RFP. From the RFP, there are certain critical criteria that a potential Funder needed to meet for its proposal to be considered by SAA. The critical criteria for the term loan facility were:

a) Currency: ZAR funding is required.
b) Security: Secured or Unsecured funding is required.
c) Tenure: The facility must be for at least 5 years.
d) Instrument: No commercial paper or bonds would be considered.
e) Amount on offer. SAA required funding for an amount of up to R15 billion.

9. The RFP was issued on 23 September with a closing date of 13 October 2015. Proposals for funding the R15 billion were received from the following bidders or potential funders:

Seacrest Investments
Kinfedi
Innovex
Hamershlag
Standard Chartered Bank
ABSA
Nedbank

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B. LIQUIDITY RISKS

10. The following risk factors as reported on a continuous basis have been developing during the last quarter of FY2014/2015 and the first half of FY2015/16. The impact has, since, intensified:

    a) The potential amendment of the Airbus swap deal places an unforeseen additional unbudgeted short-term cash requirement of R1.638 billion on the company for PDP payments.

    b) Lower than expected sales. Cash receipts from operations continue to be significantly below budget. Monthly off-shore operational receipts to date were approximately 20% lower than forecast.

    c) The latest sales forecast from the Commercial Department reflects a drop in total sales of approximately 10% against the current budget for the remainder of the FY 2015/16. This equates to a further decline in cash of approximately R2.5 billion for the remainder of the financial year.

    d) Restricted access to owned foreign currency in countries in which SAA operates. As a result of lower oil prices, countries such as Angola, Nigeria and Mozambique are experiencing increased pressure on their foreign currency reserves. This has led to an increase in restricted funds which cannot be repatriated and utilised by the airline as its "free" cash. An additional $18.8 million is currently being restricted in Angola and Nigeria alone.

    e) In Angola and Nigeria matters have recently deteriorated as the Central Bank also reduced the quantum of US Dollars for Auction. In addition, they are prioritising essential industries and the travel industry is not high on the priority list. They do not foresee an ease in this situation and have cautioned that clients should prepare for the worst before matters get better or ease up.

    f) Political tension in the Middle East following the Arab Spring. A total of $6 million is restricted in Egypt.

    g) Although the Visa requirements (certified unabridged birth certificates) implemented for minors travelling to South Africa have been amended, it is widely expected that the negative effect will remain over the short term.

    h) Poor domestic, regional and Eurozone GDP growth.

    i) Continuous weakening of the ZAR/USD exchange rate.

11. **The stability of SAA's liquidity position for FY2015/16 will depend on the successful financing of SAA's working capital requirement for the period. The very weak $/R exchange rate and falling revenues continue to place strain on available cash balances and current indications are that free cash, without any intervention, excluding any pre-delivery payments to Airbus, will be very low by 30 November 2015.**

12. Failure to secure bridging finance by 30 November 2015 will lead to the following catastrophic events:

    a) SAA will run out of available cash from 30 November 2015, as indicated in **Annexure A** and operations will immediately cease due to the fact that SAA will not be able to meet its operational obligations.

    b) Failing to pay creditors will trigger default covenants in SAA's various loan and lease agreements as well as other cross default covenants and plunge SAA and the Shareholder into a serious debt crisis.

13. Should SAA find that it is reasonably unlikely that it will be able to pay its debts as and when they become due and payable within the immediate 6 months , this would mean that it is in

financial distress, whereby timeous business rescue and other implications per the directives under the Companies Act would need to be actioned.

14. Failure to provide for adequate funding would result in the possibility of SAA "trading recklessly" should a default occur. This would entail that after the first default of SAA not being able to meet its obligations, and in the ensuing 6 months thereafter, would then result in SAA "trading recklessly".

15. The risks have been highlighted at the weekly NT/SAA meetings.

DISCUSSION

C. FUNDING PROPOSALS

16. A summary of all the proposals received by the closing date of 13 October 2015, inclusive of clarification of certain details, is included in **Annexure B**.

17. The CFST for the evaluation of the proposals comprises of the following members:

CFST MEMBER	DESIGNATION
Lindsay Olitzki	HOD: Financial Accounting
Cynthia Stimpel	Acting Group Treasurer
Joseph Makoro	Manager Enterprise Risk Management
Ephraim Lusenga	Legal Advisor
Michael Kleyn	HOD: Cash Management
Simphiwe Hlatshwayo	Dealer, Group Treasury

18. The table below summarises the responses from the various institutions. The responses were evaluated in accordance with the above critical criteria and of the 7 (seven), only 4 (four) proposals met the critical criteria.

Institution	Term	Amount R'bn	Base rate	Margin bps	Total cost for year 1. R'm	Notes
Seacrest Investments	10 years	15.00	Fixed 5.80% p.a.	n/a	R740 million per R15bn.	Note 1
Kinfedi	20 years	21.00	3m Jibar	No firm quote	R1.730 billion per R15bn.	Note 2
Innovex	25 years	21.00 (USD equivalent)	Fixed - USD (2.5%p.a.)	n/a	n/a	Note 3
Hamershlag	10 years	15.00	3m Jibar	No firm quote	n/a	Note 4
Standard Chartered Bank	3 or 5 years	1.50	3m Jibar	200 and 235	n/a	Note 5
ABSA	5 years	1.30	3m Jibar	205	n/a	Note 6
Nedbank	5 or 7 years	1.50	3m Jibar	190 and 213	n/a	Note 7

Reference	Description
Note 1	• The rate is fixed. 5 year capital repayment moratorium. Amortising repayment schedule from year 6. No other fees.
Note 2	• Bidder did not meet the critical criteria. Bidder offering advisory services. No firm quotes provided. Funds still to be sourced following a funding project. R5 000 000 advisory fee payable on award as well as a further 5% commitment fee on the loan.
Note 3	• Bidder did not meet the critical criteria. Funding linked to USD loan. SAA to bear the cost and risk of foreign exchange hedging. (indicative hedging cost is 6.61% p.a.)
Note 4	• Bidder did not meet the critical criteria. The funding is linked to commercial paper, bonds and debentures.
Note 5	• Bidder has offered R1.5bn for 3 years or 5 years. The 3 year offer does not meet the critical criteria. Only R1.5 billion offered in the 5 year tenure.
Note 6	• Bidder has offered R1.3bn for a period of 5 years.
Note 7	• Bidder has not offered any new money. Refinancing of existing R1.3 billion subordinated loan and short-term banking facility of R200 million.

19. The proposals from the four bidders or potential funders were thereafter evaluated for price to arrive at the preferred funder with lesser cost of funding to SAA. The pricing elements were drawn from the standard Term Sheet document which was supplied to all bidders or potential funders. The evaluation has been concluded with the presence of two National Treasury officials as observers. The evaluation outcome is included in Annexure C.

20. Of the proposals that met the critical criteria, only 1 (one), that of Standard Chartered Bank, offered a short-term bridge facility of R1 billion. However, the bridge facility is conditional on the term loan facility being accepted.

21. Seacrest Investments, a development and investment company, presented SAA with the following proposal:

    a) A secured term loan facility for R15 billion.
    b) At a fixed interest rate of 5.8% p.a.
    c) A capital repayment moratorium for the first five years with quarterly interest payments over the first five years;
    d) Capital and interest repayments to be made over the second five year term.
    e) Upon awarding of the contract, SAA may utilise the facility as follows:

    - An unsecured drawdown of R3 billion within 14 days from contract signing.
    - A second drawdown of R4 billion within 3 months on presentation of a Government Guarantee of R3 billion.
    - A final drawdown of R8 billion 3 month later on presentation of a further Government Guarantee of R3 billion.
    - The balance of guarantees to be provided over the next 3 years.

22. <u>It must be noted that final loan amount, price and terms and conditions will be negotiated after the awarding of the contract.</u>

23. In terms of the consolidation of the current debt profile of the company, the proceeds would be applied as follows subject to the outcome of negotiations with current lenders:

a) To reduce current short-term banking facilities of R1.3 billion currently at an average interest rate of 7.5% p.a. but attempt to retain the facilities as future short-term borrowing facilities;
b) To repay the term loans of R3.0 billion - R1.5 billion each from Citibank and Standard Bank maturing on 30 June 2016 (Current rates are 7.4% and 7.67%);
c) To negotiate the repayment of the R1.3 billion subordinated loan from Nedbank following their intension to convert it to a normal term facility at a higher interest rate.
d) The current term loans of R4.7 billion with RMB (R1.5 billion), Investec (R1.5 billion) and ABSA (R1.7 billion), at average interest rates of 8.09% per annum, could also be repaid early. SAA would still realise substantial interest cost savings even after incurring early once-off re-payment penalties at an average of 1.5% of the value of the loans.
e) The balance of R4.7 billion would fund SAA's working capital requirements well beyond June 2016 and enable the company to build up its currency holdings and thereby improving its natural hedge – current net currency exposure is circa $340 million per annum. (This will reduce the company's overall currency risk as well as hedging costs).

D. GUARANTEES

24. A summary of the Going Concern guarantees and utilisation to date is listed in the table below:

Guarantee Awarded	Amount	Utilisation	Balance
	R'm	R'm	R'm
Subordinated Loan – Nedbank	1 300	1 300	Nil
Going Concern Guarantee	1 600		
(Allocated to ATL, Sep '14)		545	
Working Capital Utilisation (Dec '14)		1 055	Nil
Going Concern Guarantee	5 006		
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Dec '14)		1 700	
Working Capital Utilisation (Dec '14)		295	11
Going Concern Guarantee	6 488		
Working Capital Utilisation (Dec '14)		450	
Working Capital Utilisation (Apr '15)		1 500	
Working Capital Utilisation (Jun '15)		1 500	3 038
TOTAL	**14 394**	**11 345**	**3 049**

I.P

E. CONCLUSION

25. The secured facility offered by Seacrest emerged as the preferred option for SAA as it provides SAA with the following benefits:

a) The proposed funding is at significantly lower cost than the other bidders;
b) An initial Government Guarantee of R3 Billion to be provided within three months from signing secures the total facility of R15 billion. The remaining balance of the company's going concern guarantees as reflected in the table above will be utilised for this purpose;
c) An initial unsecured drawdown of R3 billion is available on awarding of the contract. This drawdown will fund the company's working capital requirement over the festive season when revenues are low. It will also allow SAA time to secure the R3 billion Government Guarantee to be provided within 3 months from signing;
d) The final drawdown requires a guarantee of R3 billion which will be provided from guarantees which have been cancelled as a result of the early repayment of current long-term loans as discussed in paragraph 23;
e) The company does not have to provide immediate guarantees for R15 billion to secure the facility. The guarantees will be provided over a period of 4 years;
f) Seacrest is rated as a level 2 BEE contributor which would positively impact on SAA's BEE rating.
g) Successfully consolidating and improving SAA's debt profile (short- and long-term);
h) Significant reduction cost of funding. High cost short-term banking facilities and term loans can be re-paid which would yield substantial interest cost savings. Early conservative estimates are in the region of R180 million p.a.;
i) Short-term facilities would still be available in the event of emergency funding required;
j) By utilising cheaper Rand funding, the dependence on the repatriation of valuable surplus foreign currency from off-shore operations is significantly reduced. SAA will increase its off-shore foreign currency balances thereby substantially increasing its natural hedge against the further devaluation of the Rand; and
k) Creating a grace period in paying back capital until SAA's estimated profit turnaround.

26. Before any bid is awarded, the necessary due diligence will be done on the preferred bidder.

F. FINANCIAL IMPLICATION

27. The cash position remains under pressure and SAA is experiencing increased risk to finance its working capital requirements, even on the back of Government Guarantees. The inability of the company to address the funding requirements by 30 November 2015 exposes the company to serious operational and financial risks.

G. PFMA IMPLICATION

28. In terms of Section 51(1)(b)(iii) of the PFMA , the Board as the Accounting Authority of SAA must take effective and appropriate steps to manage available working capital efficiently and economically.

29. As per the terms and conditions set by the Ministers of Finance and Public Enterprises governing the awarding of the Government Guarantee. Any utilisation of the guarantee has to be approved by the Minister of Finance.

H. APPROVAL PROCESS

30. The financing of the R15 billion on the back of SAA's Going Concern Government Guarantees must be approved by EXCO, the Audit and Risk Committee, the Board of Directors and the Minister of Finance.

I. RECOMMENDATION

It is recommended that the FRSC:

31. Takes note of SAA's cash and liquidity position and requirements until March 2016.

32. Takes note of the update of SAA's funding activities to date.

33. Mandates the Acting Chief Financial Officer, as Chairperson of the FRSC to recommend to the SAA EXCO for approval, of the **secured** term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), and to the SAA Audit Committee (ARC) and SAA Board of Directors (Board), for the consolidation of the current debt portfolio of the company.

34. Mandates the Acting Chief Financial Officer to recommend to the EXCO, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, to recommend to the ARC and Board to mandate the Acting Chief Financial Officer to pursue a combination of the Standard Chartered Bank, ABSA and Nedbank offers as the next alternative to finance the additional funding requirement for the FY2015/16.

SIGNATURES:

1. Compiled by:

HOD Cash Management
Michael Kleyn

Signature

2. Supported by:

Group Treasurer
Cynthia Stimpel

Signature

I.P

Annexure A

CONSOLIDATED CASHFLOWS (March 16 Forecast) (Including funding initiatives, Airbus PDP's)

ALL FLOWS IN ZAR

$/R AVG FY2015/16 R13.00; ICE Brent $60/bbl

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Opening Balance (Cash and Cash Equivalents)	-125	16	-152	187	85	419	326	258	-1,880	-1,647	602	276
DOMESTIC ZAR CASH FLOWS												
Total ZAR Cash Receipts	2,475	1,444	2,367	1,489	1,641	1,628	1,612	1,612	1,242	1,142	1,372	1,522
Total ZAR Cash Disbursements	-2,158	-1,592	-2,235	-1,833	-1,735	-2,029	-1,918	-2,219	-2,163	-1,968	-1,905	-1,953
Net Movement (ZAR)	317	-148	132	-344	-93	-401	-307	-607	-921	-826	-533	-431
INTERNATIONAL CASHFLOWS												
Total International Inflows	1,132	1,126	1,239	1,300	1,423	1,433	1,508	1,636	1,540	1,377	1,485	1,499
International Outflows excl PDP's	-1,244	-1,232	-1,105	-1,125	-975	-1,248	-1,205	-1,558	-1,386	-1,302	-1,279	-1,254
A320 Pre-Delivery Payments (Net of Cancellation)	0	0	0	0	0	0	0	-1,609	0	0	0	0
Net Movement International (ZAR Equivalent)	-112	-106	134	175	449	184	303	-1,531	154	75	206	244
TOTAL INFLOWS	3,607	2,570	3,606	2,789	3,065	3,061	3,120	3,248	2,782	2,519	2,857	3,021
TOTAL OUTFLOWS	-3,402	-2,824	-3,340	-2,958	-2,709	-3,278	-3,123	-5,386	-3,549	-3,270	-3,183	-3,209
FOREIGN EXCHANGE AND OTHER MOVEMENTS	-63	86	73	67	-21	123	-64	0	0	0	0	0
Net Cash Movement	**142**	**-168**	**339**	**-102**	**334**	**-94**	**-68**	**-2,138**	**-767**	**-751**	**-326**	**-187**
Closing Balance (Cash and Cash Equivalents)	16	-152	187	85	419	326	258	-1,880	-2,647	-2,398	276	89
Less restricted cash in operational accounts	-800	-919	-971	-804	-924	-944	-980	-850	-850	-850	-850	-850
Less restricted balance of Labour Restructuring funding								-100	-100	-100	-100	-100
Net Operational Cash	-784	-1,071	-784	-719	-505	-619	-722	-2,830	-3,597	-3,348	-674	-861
Short term facilities (Overdraft)	250	250	250	250	250	250	250	250	250	250	250	250
Short term facilities available on call	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055
Available Cash including facilities	521	234	521	586	800	686	583	-1,525	-2,292	-2,043	631	444
Financing initiatives (term loans and bridge facilities)									1,000	3,000		
Total Available Cash after facilities	**521**	**234**	**521**	**586**	**800**	**686**	**583**	**-1,525**	**-1,292**	**957**	**631**	**444**
Less monthly working capital buffer								-250	-250	-250	-250	-250
Total Available Cash	521	234	521	586	800	686	583	-1,775	-1,542	707	381	194
Notes:												
Total Ops Capex (ZAR)	-17	-124	-17	-25	-8	-11 -202	-13	-50	-50	-50	-50	-50 -466

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Annexure B

Summary o Summary of Proposals
Received in response to September 2015 RFP for R15.0 billion

Counterparty		Type of Funding	Cur	Term (Zar or Zar Equivalent offered)					Base Rate			Margin	Fees	excl. fees	Eff. Rate Excl Fees	Terms
				<3 years	5 years	7 years	10 years	>15 years	3m Jibar	6m Jibar	Prime					
Seacrest Investments	Non Banking	Guranteed Term Facility (an initial R3bn guarantee secures the full loan facility. A further guarantee of R3bn to be provided on the third drawdown. Balance of guarantees to be provided over the following 3 years.	ZAR				15,000,000,000						-	5.80	5.80	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.)
Kinladi	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. No direct funding offered. Mandate has to be provided to public SAA and advise appropriate funding structure.	ZAR					21,000,000,000					1.00	6.50	6.50	R5.0 mil upfront advisory fee. 24 month payment holiday. Thereafter Amortising. 5% commitment fee on the loan amount.
Innovex	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. US Dollar funding. 2% guarantee required. Not as per RFP. (WWB FUNDS)	USD					21,000,000,000					-	2.50	9.11	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.) 25 year loan. FX HEDGING REQUIRED. Cost of Cover 6.6082% p.a.
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Secured Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative	ZAR				3,750,000,000		6.50			2.00	7.75	8.50	9.77	30 day repayment grace period. Annual amortised repayment schedule 5-10 year loan buckets.
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Subordinated Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative	ZAR				7,500,000,000		6.50			2.00	8.25	8.50	9.77	30 day repayment grace period. Interest Only. Bullet repayment. Fixed coupon. 7-10 year loan buckets
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Convertible Subordinated Debentures. Not as per RFP. No firm pricing. Pricing indicative	ZAR				2,750,000,000						8.75	10.00	10.00	2-3 year capital payment moratorium. Convertible into equity interest.
Standard Chartered Bank	Banking	Guaranteed Term Facility. Tenure too short	ZAR	1,500,000,000					6.50			2.80	-	8.50	9.77	Bullet Repayment. 1% fee on unutilised portion.
Standard Chartered Bank	Banking	Guaranteed Term Facility	ZAR		1,500,000,000				6.50			2.35	-	8.85	9.15	Bullet Repayment. 1.175% fee on unutilised portion
ABSA Bank	Banking	Guaranteed Term Facility	ZAR		1,300,000,000				6.50			2.05	-	8.55	8.83	Bullet Repayment. Margin 3.05% on 1 notch downgrade. 0.7175 fee on unutilised portion. Most favoured Counterparty clause in play.
Nedbank	Banking	Guaranteed Term Facility. No new money.	ZAR		1,500,000,000				6.50			1.90	0.23	8.40	8.67	Bullet repayment Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.
Nedbank	Banking	Guaranteed Term Facility. No new money.	ZAR			1,500,000,000			6.50			2.13	0.23	8.63	8.91	Bullet repayment. Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.
Houlihan Lokey, London	Non Banking	No offer. Advisory Services only.														

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Annexure B (continued)

Bridging Facilities Offered

Xinfedi	Non Banking	Unsecured Revolving Credit Facility. Infrastructure and Project Finance only. No direct funding offered. Mandate has to be provided to mobilise SAA and advise appropriate funding structure.	ZAR	1,000,000,000										-	6.50	6.66	R5.0 mil upfront advisory fee. 5% commitment fee on the loan amount.
Innovex	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. US Dollar funding. 2% guarantee required. (WWII FUNDS) Not as per RFP.	USD		1,000,000,000									-	2.50	9.11	2 year capital repayment moratorium. Semi-Annual interest. From year 3 amortising loan repayment schedule.) 5 year loan. FX HEDGING REQUIRED. Cost of Cover 6.8032% p.a.
Hammershlag Inc.	Non Banking	Unsecured 3 month facility - Unsecured Notes. Commercial paper. Not as per RFP. No firm pricing. Indicative.	ZAR	1,000,000,000						6.50			2.00	9.25	8.50	8.7	converted to secured debt instrument. (Fees extremely high)
Standard Chartered Bank	Banking	Unsecured 3 month facility. Conditional. Long-term offering must be accepted.	ZAR	1,000,000,000								9.50	3.50	0.35	13.00	13.65	Rolled into secured term loan. Term loan must be accepted.

Participation Declined

Citibank	Banking	No Appetite
Deutsche Bank	Banking	No Appetite
Investec	Banking	No Appetite
Morgan Stanley	Banking	No Appetite
Rand Merchant Bank	Banking	No Appetite
Standard Bank	Banking	No Appetite
Condition Int. Consulting	Non Banking	No Appetite
GTRA Holdings	Non Banking	No Appetite

No Responses Received (RFP invitation read)

Goldman Sachs	Banking	
JP Morgan	Banking	
HSBC	Banking	
Bank of China	Banking	
First South Fin Serv.	Non Banking	
KFH Investment Corp.	Non Banking	
China Investment Corp.	Non Banking	
PIC	Non Banking	
Satobe	Non Banking	
Batho Mollle Holdings	Non Banking	
Kahil	Non Banking	

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Annexure C

CFST Member: _____								
CRITICAL CRITERIA: Non Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**COMPLY YES/NO**	**Seacrest Investments**	**Kinfedi**	**Innovex**	**Hamershlag**	**Stanchart**	**ABSA**	**NEDBANK**
☐ **Tenure** – The proposed funding must be for a period of 5 years and more.		Y	Y	Y	Y	Y	Y	Y
☐ **Funding Instrument** No commercial paper or bond issuances would be considered under this RFP.		Y	*N*	Y	*N*	Y	Y	Y
☐ **Currency of the funding** The specified currency must be in ZAR.		Y	Y	*N*	Y	Y	Y	Y
Phase 2 - FUNCTIONAL CRITERIA AND PRICING			**Didn't meet criteria**	**Didn't meet criteria**	**Didn't meet criteria**			
Service attributes								
☐ **Default Interest (above the all in price)**		**2.00**	**TBC**	TBC				
☐ **Default Clauses**		**Standard**	**TBC**	TBC	**Standard**	**Standard**	**Standard**	**Standard**
☐ **Reference Rate**		**Fixed**	**TBC**	Fixed USD	3 month JIBAR	3 month JIBAR	3 month JIBAR	3 month JIBAR
Pricing								
☐ **Amount offered.**		**R15bn**	**R21bn**	$1.62bn	R15bn	R1.5bn	R1.3bn	R1.5bn
☐ **Base Rate (Reference Rate) (% p.a.)**		**5.80**	**6.50**	2.50	6.50	6.50	6.50	6.50
☐ **Margin**		-	-	-	TBC	2.35	2.05	1.90
☐ **Arrangement Fees or Commissions (%)**		-	**5.00**	-	2.00	-	-	-
☐ **Up Front Fees (Advisory,underwriting,etc.)**		-	**RS 000 000**	-	5.25	-	-	0.23
☐ **Cost of Security (Government Guarantee)**		**0.30**	**0.30**	0.30	0.30	0.30	0.30	0.30
☐ **Cost of Cover (Hedging p.a.)**		-	-	6.6082	-	-	-	-
Total Cost in ZAR per annum (based on a loan of R15bn)		**R740 mil**	**R1 730 mil**	n/a	n/a	n/a	n/a	n/a

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Annexure D

(Document Attached)

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-240

SEACREST

INVESTMENTS 115 (PTY) LTD

Reg.No 2006/031116/07

1 July 2015

South African Airways
OR TAMBO INTERNATIONAL AIRPORT
KEMPTON PARK

E-mail : wolfmeyer@flysaa.com;
E-mail : CynthiaStimpel@flysaa.com;
E-mail : Michaelkleyn@flysaa.com;

Sir's

UNSECURED LONG TERM LOAN

We are pleased to advise that we have secured an investor (Kahil Investment Group) who is willing and able to grant an unsecured loan in the amount of R14 billion to the South African Airways at an interest rate of 6.8% per annum over a period of ten (10) years.

Kahil Investment Group indicated that they are ready to transact the loan and are awaiting confirmation in order to proceed.

We trust you will find the above in order and await to hear from you.

Yours faithfully

S.G. RAMBAO
CHAIRMAN

40 THIRD AVENUE, NIGEL, 1491, GAUTENG, RSA
PO BOX 99 & 456, NIGEL, 1490, GAUTENG, RSA
CHAIRMAN: S G RAMBAO TEL: +27 11 814 8151, FAX: +27 11 814 8354 C.E.O. L ETSEBETH
E-MAIL: locketts4@tiscali.co.za / seacrestinvestment.sunday@gmail.com

RP

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Summary of Summary of Proposals
Received in response to September 2015 RFP for R15.0 billion

Counterparty		Type of Funding	Cur	Term (Zar or Zar Equivalent offered)					Base Rate			Margin	Fees	All-in excl. fees	Eff. Rate Excl Fees	Terms	Comments
				< 3 years	5 years	7 years	10 years	> 15 years	3m Jibar	6m Jibar	Prime						
Seacrest Investments	Non Banking	Guaranteed Term Facility (an initial R3bn guarantee secures the full loan facility. A further guarantee of R3bn to be provided on the third drawdown. Balance of guarantees to be provided over the following 3 years.	ZAR				15 000 000 000						-	5,80	5,80	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.)	Open
Free State Development Corporation JV with Grissag AG	Non Banking	Guranteed Term Facility (50% Government guaranteed security)	ZAR				15 000 000 000						-	4,00	4,00	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.)	Open
Kinfedi	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. **No direct funding offered. Mandate has to be provided to analise SAA and advise appropriate funding structure.**	ZAR					21 000 000 000					3,00	6,50	6,50	R5.0 mil upfront advisory fee. 24 month payment holiday. Thereafter Amortising. 5% commitment fee on the loan amount.	Open
Innovex	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. **US Dollar funding.** 2% guarantee required. Not as per RFP. **(WWII FUNDS)**	USD					21 000 000 000					-	2,50	9,11	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.) 25 year loan. **FX HEDGING REQUIRED. Cost of Cover 6.6082% p.a.**	Open
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Secured Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative.	ZAR				3 750 000 000		6,50			2,00	7,75	8,50	8,77	30 day repayment grace period. Annual amortised repayment schedule. 5-10 year loan buckets.	Open
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Subordinated Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative.	ZAR				7 500 000 000		6,50			2,00	8,25	8,50	8,77	30 day repayment grace period. Interest Only. Bullet repayment. Fixed coupon, 7-10 year loan buckets.	Open
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Convertible Subordinated Debentures. Not as per RFP. No firm pricing. Pricing Indicative.	ZAR				2 750 000 000						8,75	10,00	10,00	2-3 year capital payment moratorium. Convertible into equity interest.	Open
Standard Chartered Bank	Banking	Guaranteed Term Facility. Tenure too short.	ZAR	1 500 000 000													
Standard Chartered Bank	Banking	Guaranteed Term Facility	ZAR		1 500 000 000				6,50			2,00	-	8,50	8,77	Bullet Repayment. 1% fee on unutilised portion.	Open
ABSA Bank	Banking	Guaranteed Term Facility	ZAR		1 500 000 000				6,50			2,35	-	8,85	9,15	Bullet Repayment. 1.175% fee on unutilised portion	Open
Nedbank	Banking	**Guaranteed Term Facility. No new money.**	ZAR		1 300 000 000				6,50			2,05	-	8,55	8,83	Bullet Repayment. Margin 3.05% on 1 notch downgrade. 0.7175 fee on unutilised portion. **Most favoured Counterparty clause in play.**	Open
Nedbank	Banking	**Guaranteed Term Facility. No new money.**	ZAR		1 500 000 000				6,50			1,90	0,23	8,40	8,67	Bullet repayment. Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.	Open
Houlihan Lokey, London	Non Banking	No offer. Advisory Services only.	ZAR			1 500 000 000			6,50			2,13	0,23	8,63	8,91	Bullet repayment. Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.	Open

Bridging Facilities Offered

Kinfedi	Non Banking	Unsecured Revolving Credit Facility. Infrastructure and Project Finance only. **No direct funding offered. Mandate has to be provided to analise SAA and advise appropriate funding structure.**	ZAR	1 000 000 000									-	6,50	6,66	R5.0 mil upfront advisory fee. 5% commitment fee on the loan amount.	Open
Innovex	Non Banking	**Guaranteed Term Facility.** Infrastructure and Project Finance only. **US Dollar funding.** 2% guarantee required. **(WWII FUNDS)** Not as per RFP.	USD		1 000 000 000								-	2,50	9,11	2 year capital repayment moratorium. Semi-Annual interest. From year 3 amortising loan repayment schedule.) 5 year loan. **FX HEDGING REQUIRED. Cost of Cover 6.6082% p.a.**	Open
Hammershlag Inc.	Non Banking	Unsecured 3 month facility - Unsecured Notes. Commercial paper. Not as per RFP. No firm pricing. Indicative.	ZAR	1 000 000 000					6,50			2,00	9,25	8,50	8,77	converted to secured debt instrument. (Fees extremely high)	Open
Standard Chartered Bank	Banking	Unsecured 3 month facility. Conditional. Long-term offering must be accepted.	ZAR	1 000 000 000							9,50	3,50	0,35	13,00	13,65	Rolled into secured term loan. **Term loan must be accepted.**	Open

Participation Declined

Citibank	Banking	No Appetite
Deutsche Bank	Banking	No Appetite
Investec	Banking	No Appetite
Morgan Stanley	Banking	No Appetite
Rand Merchant Bank	Banking	No Appetite
Standard Bank	Banking	No Appetite
Condition Int. Consulting	Non Banking	No Appetite
GTRA Holdings	Non Banking	No Appetite

CASS-243
CSB 13

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**THE BOARD OF DIRECTORS OF SOUTH AFRICAN AIRWAYS (SAA BOARD)**
From:	**GROUP TREASURER**
Date:	**27 November 2015**

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

PURPOSE

The purpose of this submission is to:

1. Present SAA's cash and liquidity position and requirements until March 2016.
2. Provide an update on SAA's funding activities to date.
3. Request the Board of Directors (SAA Board) to approve the following:

   3.1 To approve the **secured** term loan facility for an amount not exceeding R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.

   3.2 To approve as an alternative finance, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers as the next alternatives to finance the additional funding requirement for the FY2015/16.

4. Request the SAA Board to adopt a resolution authorising the following persons:

   - Acting Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting; and
   - Musa Zwane, Acting CEO

   to:

   a) Appoint the successful bidder(s) as recommended in paragraph 3 above;

   b) Conclude, execute and sign, on behalf of SAA, the Term Loan Agreement for an amount not exceeding R15 billion with Seacrest Investments 115 (Pty) Limited.

   c) On behalf of SAA and in terms of the Term Loan Agreement mentioned in (b) above, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

BACKGROUND

A. FUNDING RFP APPROVAL

5. On 26 August 2015 the Board resolved to:

   a) note SAA's cash and liquidity position till March 2016 and the risks related thereto.

   b) approve the recommendation to adopt a resolution authorising the following persons:

   - Wolf Meyer, Chief Financial Officer, or
   - Lindsay Olitzki, HOD: Financial Accounting.
   - Thuli Mpshe, Acting CEO; and
   - The Board

   to:

   d) issue a **RFP for long term funding to Banking and Non-Banking Financial Institutions**, as per Annexure D for the **financing of a total amount of R15 billion** in order to consolidate the current debt portfolio of the company;
   e) include the Board as a whole and Acting CEO, together with the CFO and/or HOD Finance in the process of issuing the RFP, evaluating the proposals and appointing bidders;
   f) ensure that the RFP takes into account secured and unsecured funding when going into the market; and
   g) ensure the RFP is limited to the counterparties that responded to SAA in the February 2015 RFP (see attached **Annexure D**), as well as other institutions that can be recommended by the Board members and attendees.

6. The draft RFP and proposed list of potential bidders was approved by the Board on 18 September 2015 (**Annexure D**), however, the Board noted that members and attendees may be aware of institutions which may be able to assist and members and attendees are encouraged to recommend and to submit names of other potential bidders to management.

7. The Board noted that the management team would through the RFP process secure bridging finance of at least R1.0 billion in order to fund any shortfalls pending the conclusion of the required funding. A request for proposals for bridging finance of at least R1.0 billion was included in the RFP in order to fund any shortfalls pending the conclusion of the required funding.

8. The submissions from the potential Funders were evaluated in accordance with the criteria embedded in the RFP. From the RFP, there are certain critical criteria that a potential Funder needed to meet for its proposal to be considered by SAA. The critical criteria for the term loan facility were:

   a) Currency: ZAR funding is required.
   b) Security: Secured or Unsecured funding is required.
   c) Tenure: The facility must be for at least 5 years.
   d) Instrument: No commercial paper or bonds would be considered.
   e) Amount on offer. SAA required funding for an amount of up to R15 billion.

IP

9. The RFP was issued on 23 September with a closing date of 13 October 2015. Proposals for funding the R15 billion were received from the following bidders or potential funders:

Seacrest Investments
Kinfedi
Innovex
Hamershlag
Standard Chartered Bank
ABSA
Nedbank

B. LIQUIDITY RISKS

10. The following risk factors as reported on a continuous basis have been developing during the last quarter of FY2014/2015 and the first half of FY2015/16. The impact has, since, intensified:

a) Lower than expected sales. Cash receipts from operations continue to be significantly below budget. Monthly off-shore operational receipts to date were approximately 20% lower than forecast.
b) The latest sales forecast from the Commercial Department reflects a drop in total sales of approximately 10% against the current budget for the remainder of the FY 2015/16. This equates to a further decline in cash of approximately R2.5 billion for the remainder of the financial year.
c) Restricted access to owned foreign currency in countries in which SAA operates. As a result of lower oil prices, countries such as Angola, Nigeria and Mozambique are experiencing increased pressure on their foreign currency reserves. This has led to an increase in restricted funds which cannot be repatriated and utilised by the airline as its "free" cash. An additional $18.8 million is currently being restricted in Angola and Nigeria alone.
d) In Angola and Nigeria matters have recently deteriorated as the Central Bank also reduced the quantum of US Dollars for Auction. In addition, they are prioritising essential industries and the travel industry is not high on the priority list. They do not foresee an ease in this situation and have cautioned that clients should prepare for the worst before matters get better or ease up.
e) Political tension in the Middle East following the Arab Spring. A total of $6 million is restricted in Egypt.
f) Although the Visa requirements (certified unabridged birth certificates) implemented for minors travelling to South Africa have been amended, it is widely expected that the negative effect will remain over the short term.
g) The potential amendment of the Airbus swap deal places an unforeseen additional unbudgeted short-term cash requirement of R1.6 billion on the company for PDP payments.
h) Poor domestic, regional and Eurozone GDP growth.
i) Continuous weakening of the ZAR/USD exchange rate.

IP

11. **The stability of SAA's liquidity position for FY2015/16 will depend on the successful financing of SAA's working capital requirement for the period. The very weak $/R exchange rate and falling revenues continue to place strain on available cash balances and current indications are that free cash, without any intervention, excluding any pre-delivery payments to Airbus, will be very low by 30 November 2015.**

12. Failure to secure bridging finance by 30 November 2015 will lead to the following catastrophic events:

    a) SAA will run out of available cash from 30 November 2015, as indicated in **Annexure A** and operations will immediately cease due to the fact that SAA will not be able to meet its operational obligations.
    b) Failing to pay creditors will trigger default covenants in SAA's various loan and lease agreements as well as other cross default covenants and plunge SAA and the Shareholder into a serious debt crisis.

13. Should SAA find that it is reasonably unlikely that it will be able to pay its debts as and when they become due and payable within the immediate 6 months , this would mean that it is in financial distress, whereby timeous business rescue and other implications per the directives under the Companies Act would need to be actioned.

14. Failure to provide for adequate funding would result in the possibility of SAA "trading recklessly" should a default occur. This would entail that after the first default of SAA not being able to meet its obligations, and in the ensuing 6 months thereafter, would then result in SAA "trading recklessly".

15. The risks have been highlighted at the weekly NT/SAA meetings.

DISCUSSION

C. FUNDING PROPOSALS

16. A summary of all the proposals received by the closing date of 13 October 2015, inclusive of clarification of certain details, is included in **Annexure B**.

17. The CFST for the evaluation of the proposals comprises of the following members:

CFST MEMBER	DESIGNATION
Lindsay Olitzki	HOD: Financial Accounting
Cynthia Stimpel	Acting Group Treasurer
Joseph Makoro	Manager Enterprise Risk Management
Ephraim Lusenga	Legal Advisor
Michael Kleyn	HOD: Cash Management
Simphiwe Hlatshwayo	Dealer. Group Treasury

18. The table below summarises the responses from the various institutions. The responses were evaluated in accordance with the above critical criteria and of the 7 (seven), only 4 (four) proposals met the critical criteria.

Institution	Term	Amount R'bn	Base rate	Margin bps	Total cost for year 1. R'm	Notes
Seacrest Investments	10 years	15.00	Fixed 5.80% p.a.	n/a	R740 million per R15bn.	Note 1
Kinfedi	20 years	21.00	3m Jibar	No firm quote	R1.730 billion per R15bn.	Note 2
Innovex	25 years	21.00 (USD equivalent)	Fixed - USD (2.5%p.a.)	n/a	n/a	Note 3
Hamershlag	10 years	15.00	3m Jibar	No firm quote	n/a	Note 4
Standard Chartered Bank	3 or 5 years	1.50	3m Jibar	200 and 235	n/a	Note 5
ABSA	5 years	1.30	3m Jibar	205	n/a	Note 6
Nedbank	5 or 7 years	1.50	3m Jibar	190 and 213	n/a	Note 7

Reference	Description
Note 1	• The rate is fixed. 5 year capital repayment moratorium. Amortising repayment schedule from year 6. No other fees.
Note 2	• Bidder did not meet the critical criteria. Bidder offering advisory services. No firm quotes provided. Funds still to be sourced following a funding project. R5 000 000 advisory fee payable on award as well as a further 5% commitment fee on the loan.
Note 3	• Bidder did not meet the critical criteria. Funding linked to USD loan. SAA to bear the cost and risk of foreign exchange hedging. (indicative hedging cost is 6.61% p.a.)
Note 4	• Bidder did not meet the critical criteria. The funding is linked to commercial paper, bonds and debentures.
Note 5	• Bidder has offered R1.5bn for 3 years or 5 years. The 3 year offer does not meet the critical criteria. Only R1.5 billion offered in the 5 year tenure.
Note 6	• Bidder has offered R1.3bn for a period of 5 years.
Note 7	• Bidder has not offered any new money. Refinancing of existing R1.3 billion subordinated loan and short-term banking facility of R200 million.

19. The proposals from the four bidders or potential funders were thereafter evaluated for price to arrive at the preferred funder with lesser cost of funding to SAA. The pricing elements were drawn from the standard Term Sheet document which was supplied to all bidders or potential funders. The evaluation has been concluded with the presence of two National Treasury officials as observers. The evaluation outcome is included in **Annexure C**.

20. Of the proposals that met the critical criteria, only 1 (one), that of Standard Chartered Bank, offered a short-term bridge facility of R1 billion. However, the bridge facility is conditional on the term loan facility being accepted.

21. Seacrest Investments, a development and investment company, presented SAA with the following proposal:

    a) A secured term loan facility for R15 billion.
    b) At a fixed interest rate of 5.8% p.a.
    c) A capital repayment moratorium for the first five years with quarterly interest payments over the first five years;

IP

d) Capital and interest repayments to be made over the second five year term.
e) Upon awarding of the contract, SAA may utilise the facility as follows:

- An unsecured drawdown of R3 billion within 14 days from contract signing.
- A second drawdown of R4 billion within 3 months on presentation of a Government Guarantee of R3 billion.
- A final drawdown of R8 billion 3 months later on presentation of a further Government Guarantee of R3 billion.
- The balance of guarantees to be provided over the next 3 years.

22. It must be noted that final loan amount, terms and conditions will be negotiated after the awarding of the contract.

23. In terms of the consolidation of the current debt profile of the company, the proceeds would be applied as follows subject to the outcome of negotiations with current lenders:

a) To reduce current short-term banking facilities of R1.3 billion currently at an average interest rate of 7.5% p.a. but attempt to retain the facilities as future short-term borrowing facilities;
b) To repay the term loans of R3.0 billion - R1.5 billion each from Citibank and Standard Bank maturing on 30 June 2016 (Current rates are 7.4% and 7.67%);
c) To negotiate the repayment of the R1.3 billion subordinated loan from Nedbank following their intension to convert it to a normal term facility at a higher interest rate.
d) The current term loans of R4.7 billion with RMB (R1.5 billion), Investec (R1.5 billion) and ABSA (R1.7 billion), at average interest rates of 8.09% per annum, could also be repaid early. SAA would still realise substantial interest cost savings even after incurring early once-off re-payment penalties at an average of 1.5% of the value of the loans.
e) The balance of R4.7 billion would fund SAA's working capital requirements well beyond June 2016 and enable the company to build up its currency holdings and thereby improving its natural hedge – current net currency exposure is circa $340 million per annum. (This will reduce the company's overall currency risk as well as hedging costs).

D. GUARANTEES

A summary of the Going Concern guarantees and utilisation to date is listed in the table below:

Guarantee Awarded	Amount	Utilisation	Balance
	R'm	R'm	R'm
Subordinated Loan – Nedbank	1 300	1 300	Nil
Going Concern Guarantee	1 600		
(Allocated to ATL, Sep '14)		545	
Working Capital Utilisation (Dec '14)		1 055	Nil
Going Concern Guarantee	5 006		
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Dec '14)		1 700	
Working Capital Utilisation (Dec '14)		295	11
Going Concern Guarantee	6 488		
Working Capital Utilisation (Dec '14)		450	
Working Capital Utilisation (Apr '15)		1 500	
Working Capital Utilisation (Jun '15)		1 500	3 038
TOTAL	**14 394**	**11 345**	**3 049**

E. CONCLUSION

24. The secured facility offered by Seacrest emerged as the preferred option for SAA as it provides SAA with the following benefits:

    a) The proposed funding is at significantly lower cost than the other bidders;
    b) An initial Government Guarantee of R3 Billion to be provided within three months from signing secures the total facility of R15 billion. The remaining balance of the company's going concern guarantees as reflected in the table above will be utilised for this purpose;
    c) An initial unsecured drawdown of R3 billion is available on awarding of the contract. This drawdown will fund the company's working capital requirement over the festive season when revenues are low. It will also allow SAA time to secure the R3 billion Government Guarantee to be provided within 3 months from signing;
    d) The final drawdown requires a guarantee of R3 billion which will be provided from guarantees which have been cancelled as a result of the early repayment of current long-term loans as discussed in paragraph 24;
    e) The company does not have to provide immediate guarantees for R15 billion to secure the facility. The guarantees will be provided over a period of 4 years;
    f) Seacrest is rated as a level 2 BEE contributor which would positively impact on SAA's BEE rating.
    g) Successfully consolidating and improving SAA's debt profile (short- and long-term);
    h) Significant reduction cost of funding. High cost short-term banking facilities and term loans can be re-paid which would yield substantial interest cost savings. Early conservative estimates are in the region of R180 million p.a.;
    i) Short-term facilities would still be available in the event of emergency funding required;
    j) By utilising cheaper Rand funding, the dependence on the repatriation of valuable surplus foreign currency from off-shore operations is significantly reduced. SAA will increase its off-shore foreign currency balances thereby substantially increasing its natural hedge against the further devaluation of the Rand; and
    k) Creating a grace period in paying back capital until SAA's estimated profit turnaround.

25. Before any bid is awarded, the necessary due diligence will be done on the preferred bidder.

F. FINANCIAL IMPLICATION

26. The cash position remains under pressure and SAA is experiencing increased risk to finance its working capital requirements, even on the back of Government Guarantees. The inability of the company to address the funding requirements by 30 November 2015 exposes the company to serious operational and financial risks.

G. PFMA IMPLICATION

27. In terms of Section 51(1)(b)(iii) of the PFMA , the Board as the Accounting Authority of SAA must take effective and appropriate steps to manage available working capital efficiently and economically.

28. As per the terms and conditions set by the Ministers of Finance and Public Enterprises governing the awarding of the Government Guarantee. Any utilisation of the guarantee has to be approved by the Minister of Finance.

H. APPROVAL PROCESS

29. The financing of the R15 billion on the back of SAA's Going Concern Government Guarantees must be approved by FRSC, EXCO, the Audit and Risk Committee, the Board of Directors and the Minister of Finance. The SAA FRSC approved the recommendations on 19 November 2015 and the SAA EXCO approved on 25 November 2015.

IP

I. RECOMMENDATION

It is recommended that the SAA Board:

30. Takes note of SAA's cash and liquidity position and requirements until March 2016.

31. Takes note of the update of SAA's funding activities to date.

32. Adopts a resolution to:

32.1 Approve the **secured** term loan facility for an amount not exceeding R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company.

32.2 Approve as an alternative finance, that in an unlikely unforeseen eventuality that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers as the next alternatives to finance the additional funding requirement for the FY2015/16.

33. Adopts a resolution authorising the following persons:

- Acting Chief Financial Officer, or
- Lindsay Olitzki, HOD: Financial Accounting; and
- Musa Zwane, Acting CEO

to:

a) Appoint the successful bidder(s) as recommended in paragraph 32 above;

b) Conclude, execute and sign, on behalf of SAA, the Term Loan Agreement for an amount not exceeding R15 billion with Seacrest Investments 115 (Pty) Limited;

c) On behalf of SAA and in terms of the Term Loan Agreement mentioned in (b) above, sign and/or despatch all documents and notices (including, if relevant, any Utilisation Request) to be signed and/or despatched by SAA under or in connection with the Finance Documents to which SAA is a party.

COMMISSION OF INQUIRY INTO STATE CAPTURE

SIGNATURES:

1. Compiled by:

HOD Cash Management
Michael Kleyn

Signature

2. Recommended by:

Group Treasurer
Cynthia Stimpel

Signature

3. Supported by:

HOD Financial Accounting
Lindsay Olitzki

Signature

4. Supported by the Acting CEO:

Acting CEO
Musa Zwane

Signature

COMMISSION OF INQUIRY INTO STATE CAPTURE

TP

Annexure A

CONSOLIDATED CASHFLOWS (March 16 Forecast) (Including funding initiatives), Airbus PDP

ALL FLOWS IN ZAR

$/R AVG FY2015/16 R13.00; ICE Brent $60/bbl

	Apr-15	May-15	Jun-15	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15	Jan-16	Feb-16	Mar-16
Opening Balance (Cash and Cash Equivalents)	-126	16	-152	187	85	419	326	258	-271	-574	325	-2
DOMESTIC ZAR CASH FLOWS												
Total ZAR Cash Receipts	2,475	1,444	2,367	1,489	1,641	1,628	1,812	1,612	1,242	1,142	1,372	1,522
Total ZAR Cash Disbursements	-2,158	-1,592	-2,235	-1,833	-1,735	-2,029	-1,918	-2,219	-2,163	-1,968	-1,905	-1,953
Net Movement (ZAR)	317	-148	132	-344	-93	-401	-307	-607	-921	-826	-533	-431
INTERNATIONAL CASHFLOWS												
Total International Inflows	1,132	1,126	1,239	1,300	1,423	1,433	1,508	1,636	1,540	1,377	1,485	1,499
International Outflows excl PDP's	-1,244	-1,232	-1,105	-1,125	-975	-1,248	-1,205	-1,558	-1,386	-1,302	-1,279	-1,254
A320 Pre-Delivery Payments (Net of Cancellation)	0	0	0	0	0	0	0	0	-536	-1,350	0	0
Net Movement International (ZAR Equivalent)	-112	-106	134	175	449	184	303	78	-382	-1,275	206	244
TOTAL INFLOWS	3,607	2,570	3,606	2,789	3,065	3,061	3,120	3,248	2,782	2,519	2,857	3,021
TOTAL OUTFLOWS	-3,402	-2,824	-3,340	-2,958	-2,709	-3,278	-3,123	-3,777	-4,085	-4,620	-3,183	-3,208
FOREIGN EXCHANGE AND OTHER MOVEMENTS	-63	86	73	67	-21	123	-64	0	0	0	0	0
Net Cash Movement	142	-168	339	-102	334	-94	-68	-529	-1,303	-2,101	-326	-187
Closing Balance (Cash and Cash Equivalents)	16	-152	187	85	419	326	258	-271	-1,574	-2,675	-2	-189
Less restricted cash in operational accounts	-800	-919	-971	-804	-924	-944	-980	-850	-850	-850	-850	-850
Less restricted balance of Labour Restructuring funding								-100	-100	-100	-100	-100
Net Operational Cash	-784	-1,071	-784	-719	-505	-819	-722	-1,221	-2,524	-3,625	-952	-1,139
Short term facilities (Overdraft)	250	250	250	250	250	250	250	250	250	250	250	250
Short term facilities available on call	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055	1,055
Available Cash including facilities	521	234	521	586	800	686	583	84	-1,219	-2,320	353	166
Financing Initiatives (term loans and bridge facilities)									1,000	3,000		
Total Available Cash after facilities	521	234	521	586	800	686	583	84	-219	680	353	166
Less monthly working capital buffer								-250	-250	-250	-250	-250
Total Available Cash	521	234	521	586	800	686	583	-166	-469	430	103	-84
Notes:												
Total Ops Capex (ZAR)	-17	-124	-17	-25	-8	-11 -202	-13	-50	-50	-50	-50	-50 -466

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Annexure B

Summary o Summary of Proposals
Received in response to September 2015 RFP for R15.0 billion

Counterparty		Type of Funding	Cur	Term (Zar or Zar Equivalent offered)					Base Rate			Margin	Fees	excl. fees	Eff. Rate Excl Fees	Terms
				<3 years	5 years	7 years	10 years	>15 years	3m Jibar	6m Jibar	Prime					
Seacrest Investments	Non Banking	Guranteed Term Facility (an initial R3bn guarantee secures the full loan facility. A further guarantee of R3bn to be provided on the third drawdown. Balance of guarantees to be provided over the following 3 years.	ZAR				15,000,000,000						-	5.80	5.80	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.)
Kinfedi	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. **No direct funding offered. Mandate has to be provided to analise SAA and advise appropriate funding structure.**	ZAR					21,000,000,000					5.00	6.50	6.50	R5.0 mil upfront advisory fee. 24 month payment holiday. Thereafter Amortising. 5% commitment fee on the loan amount.
Innovex	Non Banking	Guaranteed Term Facility. Infrastructure and Project Finance only. **US Dollar funding.** 2% guarantee required. Not as per RFP. **(WWII FUNDS)**	USD					21,000,000,000					-	2.50	9.11	5 year capital repayment moratorium. Quarterly interest. From year 6 amortising loan repayment schedule.) 25 year loan. **FX HEDGING REQUIRED. Cost of Cover 6.6082% p.a.**
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Secured Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative.	ZAR				3,750,000,000		6.50			2.00	7.75	8.50	8.77	30 day repayment grace period. Annual amortised repayment schedule. 5-10 year loan buckets.
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Senior Subordinated Notes. Commercial Paper. Not as per RFP. No firm pricing. Margin indicative.	ZAR				7,500,000,000		6.50			2.00	8.25	8.50	8.77	30 day repayment grace period. Interest Only. Bullet repayment. Fixed coupon. 7-10 year loan buckets.
Hammershlag Inc.	Non Banking	Guaranteed Term Loan - Convertible Subordinated Debentures. Not as per RFP. No firm pricing. Pricing indicative.	ZAR				2,750,000,000						8.75	10.00	10.00	2-3 year capital payment moratorium. Convertible into equity interest.
Standard Chartered Bank	Banking	Guaranteed Term Facility. Tenure too short.	ZAR	1,500,000,000					6.50			2.00	-	8.50	8.77	Bullet Repayment. 1% fee on unutilised portion.
Standard Chartered Bank	Banking	Guaranteed Term Facility	ZAR		1,500,000,000				6.50			2.35	-	8.85	9.15	Bullet Repayment. 1.175% fee on unutilised portion
ABSA Bank	Banking	Guaranteed Term Facility	ZAR		1,300,000,000				6.50			2.05	-	8.55	8.83	Bullet Repayment. Margin 3.05% on 1 notch downgrade. 0.7175 fee on unutilised portion. **Most favoured Counterparty clause in play.**
Nedbank	Banking	**Guaranteed Term Facility. No new money.**	ZAR		1,500,000,000				6.50			1.90	0.23	8.40	8.67	Bullet repayment. Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.
Nedbank	Banking	**Guaranteed Term Facility. No new money.**	ZAR			1,500,000,000			6.50			2.13	0.23	8.63	8.91	Bullet repayment. Refinancing of R1.3bn subordinated loan and R200m general short term facility. Arrangement fee.
Houlihan Lokey, London	Non Banking	No offer. Advisory Services only.														

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Annexure B (continued)

Bridging Facilities Offered

Kinfedi	Non Banking	Unsecured Revolving Credit Facility. Infrastructure and Project Finance only. **No direct funding offered. Mandate has to be provided to analise SAA and advise appropriate funding structure.**	ZAR	1,000,000,000										-	6.50	6.66	R5.0 mil upfront advisory fee. 5% commitment fee on the loan amount.
Innovex	Non Banking	**Guaranteed Term Facility.** Infrastructure and Project Finance only. **US Dollar funding.** 2% guarantee required. **(WWII FUNDS) Not as per RFP.**	USD		1,000,000,000									-	2.50	9.11	2 year capital repayment moratorium. Semi-Annual interest. From year 3 amortising loan repayment schedule.) 5 year loan. **FX HEDGING REQUIRED. Cost of Cover 6.6082% p.a.**
Hammershlag Inc.	Non Banking	Unsecured 3 month facility - Unsecured Notes. Commercial paper. Not as per RFP. No firm pricing. Indicative.	ZAR	1,000,000,000						6.50			2.00	9.25	8.50	8.77	converted to secured debt instrument. (Fees extremely high)
Standard Chartered Bank	Banking	Unsecured 3 month facility. Conditional. Long-term offering must be accepted.	ZAR	1,000,000,000								9.50	3.50	0.35	13.00	13.65	Rolled into secured term loan. **Term loan must be accepted.**

Participation Declined

Citibank	Banking	No Appetite
Deutsche Bank	Banking	No Appetite
Investec	Banking	No Appetite
Morgan Stanley	Banking	No Appetite
Rand Merchant Bank	Banking	No Appetite
Standard Bank	Banking	No Appetite
Condition Int. Consulting	Non Banking	No Appetite
GTRA Holdings	Non Banking	No Appetite

No Responses Received (RFP invitation read)

Goldman Sachs	Banking
JP Morgan	Banking
HSBC	Banking
Bank of China	Banking
First South Fin Serv.	Non Banking
KFH Investment Corp.	Non Banking
China Investment Corp.	Non Banking
PIC	Non Banking
Sotobe	Non Banking
Batho Malile Holdings	Non Banking
Kahil	Non Banking

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Annexure C

CFST Member: _____							
CRITICAL CRITERIA: Non Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**Seacrest Investments**	**Kinfedi**	**Innovex**	**Hamershlag**	**Stanchart**	**ABSA**	**NEDBANK**
❒ **Tenure** – The proposed funding must be for a period of **5 years and more**.	Y	Y	Y	Y	Y	Y	Y
❒ **Funding Instrument** No commercial paper or bond issuances would be considered under this RFP.	Y	***N***	Y	***N***	Y	Y	Y
❒ **Currency of the funding** The specified currency must be in ZAR.	Y	Y	***N***	Y	Y	Y	Y
Phase 2 - FUNCTIONAL CRITERIA AND PRICING		**Didn't meet criteria**	**Didn't meet criteria**	**Didn't meet criteria**			
Service attributes							
❒ **Default Interest (above the all in price)**	**2.00**	TBC	TBC	TBC	4.00	2.00	2.00
❒ **Default Clauses**	**Standard**	TBC	TBC	Standard	Standard	Standard	Standard
❒ **Reference Rate**	**Fixed**	TBC	Fixed USD	3 month JIBAR	3 month JIBAR	3 month JIBAR	3 month JIBAR
Pricing							
❒ **Amount offered.**	**R15bn**	R21bn	$1.62bn	R15bn	R1.5bn	R1.3bn	R1.5bn
❒ **Base Rate (Reference Rate) (% p.a.)**	**5.80**	6.50	2.50	6.50	6.50	6.50	6.50
❒ **Margin**	-	-	-	TBC	2.35	2.05	1.90
❒ **Arrangement Fees or Commissions (%)**	-	5.00	-	2.00	-	-	-
❒ **Up Front Fees (Advisory,underwriting,etc.)**	-	R5 000 000	-	5.25	-	-	0.23
❒ **Cost of Security (Government Guarantee)**	**0.30**	0.30	0.30	0.30	0.30	0.30	0.30
❒ **Cost of Cover (Hedging p.a.)**	-	-	6.6082	-	-	-	-
Total Cost in ZAR per annum (based on a loan of R15bn)	**R740 mil**	R1 730 mil	n/a	n/a	n/a	n/a	n/a

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Annexure D

(Document Attached)

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-257

SEACREST INVESTMENTS

LOAN AGREEMENT

Made and entered into by and between:

SEACREST INVESTMENTS 115 (PTY) LTD
[Registration Number:2006/031116/07]

a private company incorporated in accordance with the company laws of the Republic of South Africa

[hereinafter referred to as "the Lender"]

and

SOUTH AFRICAN AIRWAYS SOC LTD
[Registration Number: 1997/022444/30]

a state owned company duly registered and incorporated in accordance with the company laws of the Republic of South Africa

[hereinafter referred to as "the Borrower"]

Commented [EL1]: As set out in the draft DD report we are of the view that Seacrest are acting as a "Representative" as contemplated in the FAIS Act since they do not hold an FSP litence. A representative can therefore not contract in its own name but that of its principal (Mazi Capital)

Commented [UP2]: Seacrest is the bidder and the award will be to Seacrest. Therefore, how will the above comment apply and be effected?

THE PARTIES HEREBY AGREE AS FOLLOWS:

COMMISSION OF INQUIRY INTO STATE CAPTURE

1. INTERPRETATION

In this Loan Agreement unless the context otherwise indicates –

1.1 the singular shall include the plural and *vice versa*;

1.2 words indicating one gender shall import and include the other gender;

1.3 the headings to this Loan Agreement are used for the sake of convenience and shall not govern the interpretation hereof;

1.4 **"Available Facility"** means the aggregate for the time being of the Lender's Available Commitment;

1.5 **"Available Commitment"** means the Lender's Commitment minus any proposed utilisation, of the amount of R14 000 000 000,00 (fourteen billion rand);

Commented [UF3]: Is it not R15bn?

1.6 **"Business Day"** – means any day which is not a Saturday, Sunday or official public holiday recognised as such under the Public Holidays Act, 1994 (Act No. 36 of 1994);

1.7 **"Final Repayment Date"** – means _____2026 or a later date to be agreed between the Parties;

1.8 **"Interest Period"** – means in relation each successive period of three months commencing on the Utilisation Date provided that the final Interest Period shall commence on the interest payment date immediately preceding the Final Repayment Date and ending on the Final Repayment Date;

"**Investors**" [Drafting note: please insert a definition of the investor. Our understanding is that they are Grissag and Troika]

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1.9 **"Loan"** – means the loan/debt specified in clause 2;

1.10 **"Lending rate"** – means 6,8 % (six comma eight percent) per annum in respect of the initial unsecured amount of R3 billion and applicable only until the second drawdown in the amount of R4 billion, whereafter **"Lending rate"**will mean 5,8% (five comma eight percent) per annum to be calculated from the dates of the drawdown of each amount;

1.11 **"Prime Rate"** – means the publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrear and calculated on a 365 day year) irrespective of whether the year is a leap year, from time to time published by FirstRand Bank Limited (or its successors in title) as being its prime overdraft rate, as certified by any manager of such bank, whose appointment and designation need not be proved.

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1.12 **"Default Interest"** – means two percent per annum above the lending rate.

1.13 **"Signature Date"** – means the date of the signature of the Party last signing this Agreement in time;

1.14 **"Term"** – The duration of the transaction as specified in clause 2 of this Loan Agreement.

1.15 **"Total Commitments"** means ZAR 14 000 000 000;

1.16 **"Utilisation"** – means the utilisation of the Loan;

1.17 **"Utilisation Date"** – means the date of an Utilisation, being the dates on which the Loan amounts are to be drawn down; and

1.18 **"Utilisation Request"** - means a notice substantially in the form set out in Annexure B.

2. LOAN AMOUNT

Upon and subject to the terms and conditions hereinafter set out, the LENDER will make available to the BORROWER the sum of R14 000 000 000,00 (fourteen billion rand)("the debt") to be borrowed by the BORROWER as follows :

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2.1 The term of the transaction is ten years to be calculated with effect from the 1st day following the draw down date of the amount of R4 billion (four billion rand) referred to in 2.2.2 below;

2.2 Subject to the provisions of clause 7, the BORROWER shall draw the debt as follows:-

2.2.1 an amount of R3 billion (three billion rand) within 14 (Fourteen) days from the date of signature by the party last signing this agreement in time;

2.2.2 an amount of R4 billion (four billion rand) within 21 (twenty-one) days from the date of delivery of a South African Government Guarantee in the amount of R3 billion (three billion rand) by no later than 28 February 2016 as security for repayment of the loan.

2.23 an amount of R7 billion (seven billion rand) within 21 (twenty-one) days from the date of delivery of a South African Government Guarantee in the amount of R3 billion (three billion rand) by no later than 30 June 2016 as security for repayment of the loan.

IP

2.3 The Borrower may not deliver a Utilisation Request in respect of the debt, unless the Lender has received all the documents and other evidence as listed in clause 7.

2.4 If it becomes impossible for the Borrower to obtain any of the documentation or evidence listed in clause 7, the Borrower shall promptly notify the Lender upon becoming aware of the event.

3. INTEREST

3.1 The loan amount shall bear interest at the Lending Rate referred to in 1.10 above.

3.2 Interest shall be calculated from the drawdown dates on the outstanding balance of the loan amount, plus any interest outstanding thereon from time to time.

3.3 Notwithstanding the Signature Date of this agreement and the drawdown date of the amount of R3 billion (three billion rand) referred to in 2.2.1 above, the first quarterly period for the payment of interest shall be determined with effect from the first day of the month following the drawdown date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above.

3.4 After the drawdown date of the amount of R7 billion (seven billion rand) referred to in 2.2.3 above, the payment of interest thereon shall be calculated *pro rata* to coincide with the following quarterly payment date as per 3.3 above, whereafter payment of interest on the total amount of the loan will follow quarterly.

4. INCREASED COSTS

4.1 Subject to clause 4.4 the Borrower shall, within 30 Business Days of a demand by the Lender, pay for the account of the Lender the amount of any Increased Costs incurred by the Lender as a result of:

4.1.1 the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

4.1.2 compliance with any law or regulation made after the Signature Date.

4.2 The terms law inclause4.1 shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity or reserve assets.

4.3 If the Lender intends to make a claim pursuant to clause 4.1, it shall notify the Borrower of the event giving rise to the claim.

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4.3.2 the Lender shall, as soon as practicable after a demand by the Borrower, provide a certificate confirming the amount of its Increased Costs. A certificate signed by any Director of the LENDER (whose appointment it shall not be necessary to prove) as to such additional amount(s) shall be *prima facie* proof for all purposes in the absence of manifest error.

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4.4 Exceptions -

4.4.1 Clause 4.1 does not apply to the extent that any Increased Cost is:

4.4.1.1 attributable to a Tax Deduction required by law to be made by the Borrower;

4.4.1.2 attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

Commented [UF8]: Including this contract

5. REPAYMENT

5.1 Payment by SAA of interest on the initial unsecured amount of R3 billion (three billion rand) at the lending rate of 6.8% (six comma eight percent) will be made on the draw down date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above.

5.2 During the initial period of five (5) years of the loan, the BORROWER will only service the interest component by way of twenty (20) quarterly payments with effect from the first day of the month following the drawdown date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above and quarterly thereafter on the last day of each period with the last quarterly payment date.

5.3 During the second five year period of the ten (10) year term of the loan, the BORROWER will repay the total of the capital borrowed from the LENDER in terms hereof together with interest in accordance with the example in Annexure "A" to this loan agreement.

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5.4 All payments in terms hereof are to be made on the last day of each Interest Period, provided that should any such day of the month not be a Business Day, then such payment shall be made on the preceding Business Day.

5.5 The above payment arrangement may be renegotiated between the parties during the term of the agreement.

5.6 All payments to be made pursuant to this Loan Agreement may be made by means of Electronic Funds Transfer ("EFT") to the bank account, the details of which the LENDER will provide to the BORROWER in writing within seven (7) days from date of signature hereof.

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6. GUARANTEES

6.1 The BORROWER shall on or before 28 February 2016 provide a South African Government Guarantee in the amount of R3 billion (three billion rand) as partial security for the repayment of the loan;

6.2 The BORROWER shall provide further South African Government guarantees in the amount of R3 billion (three billion rand) each as partial security for repayment of the loan on or before 30 June 2016.

7. CONDITIONS PRECEDENT

7.1 Notwithstanding anything to the contrary in this Loan Agreement, the BORROWER shall upon signature of this agreement by both parties, provide the LENDER with copies of the following:

7.1.1 Up-to-date authorization (documentation/certificates/notices) for the BORROWER to borrow money together with a specimen signature schedule;

7.1.2 Proof of compliance with all and any regulatory and statutory requirements for purposes of entering into this Loan Agreement;

7.1.3 The BORROWER's latest financial statements;

7.1.4 A resolution from the Board of the BORROWER, authorizing the official to incur the debt in respect of each of the debts referred to prior to the down date together with a copy of the authorization of its official/s to sign the relevant document on behalf of the BORROWER;

7.2 The ~~Loan Agreement the~~ operation of this Loan Agreement shall be suspended until and shall be subject to the following Conditions Precedent. 4.1 The whole of this Loan Agreement is subject to the following Conditions Precedent being fulfilled no later than [**to insert date**]:

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7.2.1 A certified copy of the constitutional documents of the Lender.

7.2.2 A certified copy of a resolution of the board of directors of the Lender:

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7.2.2.1 approving the terms of, and the transaction contemplated by, the Loan Agreement to which it is a party and resolving that it execute the Loan Agreement to which it is a party;

7.2.2.2 authorising a specified person or persons to execute the Loan Agreement to which it is a party on its behalf; and

IP

7.2.2.3 an original specimen of the signature of each person authorised by the resolution referred to in paragraph 7.2.2.2 above.

7.3 A duly executed original certificate of the Borrower (signed by a director) confirming that lending the Total Commitments would not cause any lending or similar limit binding on it to be exceeded.

7.4 A duly executed original certificate of an authorised signatory of the Borrower certifying that each copy document relating to it is correct, complete and in full force and effect as at a date no earlier than the Effective Date.

7.5 An original copy of the report from the insurance advisor, certifying that all required Insurances are in place and on risk, in full force and effect.

7.6 Certified copies of all cover notes and statements issued in respect of the insurances required to be in place on Effective.

7.7 Evidence that the Bank Account has been opened with the Bank and that all applicable mandates are in place.

7.9 The approval of the credit committees and/or boards of directors of each Funder of the grant of the Facilities to the Borrower under the Loan Agreement.

7.8 Such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any other Finance Party) to carry out and be satisfied that it has complied with all necessary know your customer or similar identification procedures under applicable laws and regulations (including the Financial Intelligence Centre Act, 2001) pursuant to the transactions contemplated in the Loan Agreement.

7.9 A certified copy of the approvals of the Financial Surveillance Department of the South African Reserve Bank, on terms acceptable to the Borrower.

7.10 Certified copies of the latest audited consolidated financial statements of the Investors and the latest audited unconsolidated financial statements of the Funders.

8. CONDITIONS

8.1 Until the BORROWER has repaid the Loan and Interest to the LENDER for the term of the transaction and as long as any amount in respect of the BORROWER'S Commitment to the Lender in terms hereof, remains outstanding, the BORROWER shall not be entitled to incur **ANY NEW UNSECURED DEBT,** or

COMMISSION OF ENQUIRY INTO STATE CAPTURE

create or permit to subsist any mortgage, pledge, lean or other encumbrance of whatsoever nature on any of its assets or revenues without the written consent of the **LENDER**, the consent which shall not be withheld unduly by the LENDER.

8.2 Clause 9.1 shall not apply :

8.2.1 to any short or long term debt secured by guarantees for repayment thereof by the South African Government

8.2.2 to mortgage, pledge, lean or other encumbrance made in the ordinary course of trading of the Borrower.

8.3 The BORROWER shall for the duration of the loan, on at least an annual basis provide the LENDER access to all information in order to enable the LENDER to do a credit review and the BORROWER shall fully co-operate with the LENDER in this process.

8.4 Upon conclusion of this Loan Agreement, the BORROWER is obliged to draw down the loan amount on the date stipulated in this Loan Agreement.

9. COVENANTS

9.1 The South African Government holds100 % (one hundred percent) shares (directly or indirectly) of the BORROWER's share capital.

9.2 The Republic of South Africa's current credit rating by the Standard & Poor's global scale long term local credit rating equates to BBB, the variation of which during the term of this agreement will not in any way be regarded as an event of default by the BORROWER and the Lender shall not call on the Loan on the ground of any downgrade.

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10. EVENTS AND DEFAULTS

10.1 If any of the following events each of which shall be severable and distinct from the others occur namely –

10.1.1 the BORROWER commits a breach of any of the terms and conditions of this Loan Agreement or any of the terms and conditions of any securities which may have been given in respect of this Loan Agreement and such breach is not remedied within a period of 30 (thirty) days after receipt of written notice of such breach; or

COMMISSION OF INQUIRY INTO STATE CAPTURE

10.1.2 the BORROWER defaults in the due payment or due performance on any amount payable or obligation to be performed under any Agreement, Suretyship or other guarantee to which it is a party which obligation the LENDER considers to be material; or

10.1.3 any material indebtedness or obligation constituting and indebtedness of the BORROWER not paid when due, or shall become due and payable prior to its specified maturity by reason of default; or

10.1.4 the BORROWER enters into any compromise or arrangement with any of its creditors or attempts to do so; or

10.1.5 the BORROWER suffers any default judgment against it to remain unsatisfied for 30(thirty) days, or is refused a rescission of any default judgment; or

Commented [EL12]: Given the size of SAA and its foot print in the world it is likely that a judgment could be noted against it at any given day. We suggest that the clause be amended to only provide for a judgment above a certain threshold to be agreed between the parties.

10.1.6 the BORROWER permits any of its assets to be attached under a warrant of execution which is not set aside within a period of 30 (thirty)days after service thereof upon the BORROWER; or

10.1.7 the South African Government's shareholding (directly or indirectly) of the BORROWER's share capital falls under 50,1 % (fifty comma one percent); or

10.1.8 the loan facility as per this Loan Agreement becomes unlawful for the BORROWER to perform; then without prejudice to any other rights which might thereupon be available to LENDER the full amount owing in terms of this Loan Agreement together with all interest then accrued but unpaid and other charges for which the BORROWER may be liable or become liable to pay in terms of this Agreement, shall forthwith become due and payable by the BORROWER.

10.2 Should in the opinion of the LENDER, a material adverse change occur in relation to the legal status or financial affairs of the BORROWER which is not rectified by the LENDER within sixty (60) days after service by the LENDER of notice requiring the BORROWER to remedy such change, the LENDER will have the right to claim immediate payment of all amounts due in respect of the Loan amount.

11. REPRESENTATION AND WARRANTY BY THE LENDER

11.1 The LENDER represents and warrants that –

11.1.1 It acts herein as representative of a Joint Venture entered into by and between the LENDER and ~~it's~~its business associates.

IP

11.1.2 The terms and conditions of this Agreement ~~is~~are not in conflict with the terms and conditions of the Joint Venture Agreements entered into by and between the LENDER and it's said business associates;

11.1.3 That the funds raised to facilitate the loan is not of an illegal origin or, in any way whatsoever, connected to any unlawful business/scheme.

11.2 The business associates of the LENDER are:

11.2.1 Mazi Capital (Pty) Ltd (Registration No. 2006/006855/07) a South African registered and service provider with FSP license number 27404, in terms of which license the loan is facilitated; and

11.2.2 Grissag AG (Pty) Ltd (Registration No. 2015/070820/07) a South African registered company and representative of the Investors whose funds are to be utilised for the loan.

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12. REPRESENTATIONS AND WARRANTIES BY THE BORROWER

12.1 The BORROWER represents and warrants that –

12.1.1 its acceptance of the terms of this Loan Agreement haves been duly authorised (i.e. compliance with license requirements, approvals, permits, including any government approvals) and does not contravene any law (including PFMA) or any contractual obligation binding upon it;

12.1.2 there is not material litigation or similar proceedings, to the knowledge of the BORROWER, presently pending or threatened which would have a material adverse effect on the business or assets of the BORROWER;

Commented [UF15]: Get similar warranty and rep from LENDER

12.1.3 the BORROWER is not in default in respect of any of its obligations in respect of money advanced and no event specified in clause 10 has occurred that is continuing;

Commented [UF16]: Get similar rep and warranty from LENDER

12.1.4 the BORROWER has not presented the LENDER with any misleading information and that all information supplied or to be supplied to the_LENDER by the BORROWER concerning the BORROWER's business as contained in the BORROWER's balance sheets, trading and profit and loss accounts, cash flows and other financial statements or accounts is true and correct in all material respects and will in future be true and correct in all material respects.

12.2 The Lender makes the representations and warranties set out hereunder to the Borrower on the Signature Date:

12.2.1 **Status** – it is a duly incorporated company and validly existing under the laws of its jurisdiction of Incorporation.

12.2.2 **Binding obligations** – the obligations expressed to be assumed by it are legal, valid, binding and enforceable obligation. For purposes of this agreement, obligation means the lending by the Lender of the Loan to the Borrower.

12.2.3 **Non-conflict with other obligations** – the entry and performance by it of the obligation do not and will not conflict with:

12.2.3.1 any law or regulation applicable to it, where failure to comply with such law or regulation would result in the attachment of the Commitments or Loan made to the Borrower;

12.2.3.2 its constitutional documents; and/or

12.2.3.3 any agreement or instrument binding upon its assets

12.2.4 **No misleading information** - any factual information contained in or provided by the Lender for the purposes of this transaction is true, complete and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated;

12.2.5 **Ownership of assets** – that it has good title to all its assets necessary to implement the Loan Agreement.

12.2.6 **Sanctions** – the Lender or any of its Affiliates is not directly or indirectly involved in any activities in its capacity or with any person or entity which is currently listed on the SDN list or in a country which is subject to any OFAC Sanctions, to the extent that its funding under this Agreement would currently be prohibited by OFAC Sanctions if conducted by a person in the United States of America.

12.2.7 **Compliance with Laws** – that the Lender is compliant with all legislation and regulatory requirements relating to lending of monies applicable to it.

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Commented [u18]: Please define

Commented [UF19]: UK Anti-bribery nad Corruption Act

13. PENALTY INTEREST

Should the BORROWER fail to pay on due date any amount failing due or payable to LENDER under or arising from this Loan agreement then, without prejudice to such other rights that may accrue to LENDER consequent upon such failure, such overdue amounts shall bear penalty interest at the rate of two (2) percent per annum compounded quarterly from the due date to the date of payment.

14. DOMICILIA

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14.1 The parties respectively choose their *domicilia citandi et executandi* for all notices and processes to be given or served in pursuance hereof at the following addresses:

THE LENDER: Seacrest Investments 115 (Pty) Ltd
Physical :
c/o Jordaan GL & Co
First Floor, 2 Inala Building, Breytenbach Street, Nigel,
Gauteng, ZA 1491
Telephone: 011 814 6520
Telefax: 011 814 1846
Postal : PO Box 757, Nigel 1490

THE BORROWER: SAA
Physical :
Jones Road, Airways Park
KEMPTON PARK1619
Postal :
Private Bag X13
O R TAMBO INTERNATIONAL AIRPORT1627
Telefax : +27 11 978 1201
Attention : Head of Cash Management

14.2 Any notice or communication required or permitted to be given in term of this Loan Agreement will be valid and effective only if given in writing and delivered by hand or by post or Telefax.

14.3 Either party may by written notice to the other party change its chosen domicilium to another physical address or change its fax number, provided that the change will become effective on the 7th day after the receipt of the notice by the addressee and provided such other physical address is a South African address.

14.4 Any notice by Telefax to a party at its Telefax number will be deemed unless the contrary is proved to have been received within 2 hours of transmission provided that if the deemed time of receipt is not during normal business hours then it is deemed to have been received one hour after commencement of normal business hours on the next Business Day.

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15. INDULGENCE

No relaxation or indulgence granted by the LENDER to the BORROWER from time to time shall be deemed to be a waiver of the LENDER's rights in terms hereof, nor shall any such relaxation or indulgence be deemed to be a novation or waiver of the terms and conditions of this Loan Agreement.

16. ENTIRE LOAN AGREEMENT

This Loan Agreement constitutes the entire Loan Agreement between the parties and any amendment, addition or alteration to the provisions hereof shall only be deemed to be of force and effect if such amendment, addition or alteration is reduced to writing and signed by the parties.

17. COSTS AND EXPENSES

17.1 Each party shall bear its own costs relevant to the drafting and execution of this Agreement.

17.2 All legal costs as between attorney and his own client charges and disbursements and fees of a like nature incurred by LENDER in successfully enforcing or defending any of the provisions of this Loan Agreement or any claim there under shall be for the account of the Borrower and be payable on demand.

18. EXECUTION

This Loan Agreement is executed for and on behalf of –

The **LENDER** by **Sunday Godfrey Rambao** in his capacity as **Chairman** of **SEACREST INVESTMENTS 115 (PTY) LTD.**

The **BORROWER** by _____ in his/her capacity as _____ of the **SOUTH AFRICAN AIRWAYS SOC LTD,** he/she being duly authorised hereto under and by virtue of a resolution passed by _____ of the BORROWER on the ___ day of NOVEMBER 2015.

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IP

THUS DONE AND SIGNED AT _____ **on this the** ___ **day of NOVEMBER 2015.**

In the presence of the undersigned witness:

AS WITNESS: for and on behalf of the **LENDER**

_____ _____

Name:

Capacity

who warrants authority

THUS DONE AND SIGNED AT _____ **on this the** ___ **day of NOVEMBER 2015.**

In the presence of the undersigned witness:

AS WITNESS : for and on behalf of the **BORROWER**

_____ _____

Name:

Capacity

IR

who warrants authority

[LOAN AGREEMENT.SEACREST.SAA]

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-273
CSB 14

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

SAA EXCO SUBMISSION

To:	EXCO
From:	GM: Legal, Risk and Compliance
Date:	26 November 2015

DUE DILIGENCE ON THE LONG TERM FUNDING REQUIREMENT FOR A R15 BILLION TERM LOAN FACILITY

1 PURPOSE

The purpose of the submission is to apprise EXCO on the Due Diligence process undertaken on the Funding RFP and to bring to the attention of the Committee the draft terms and conditions of the proposed Funding Agreement between SAA and the preferred Funder.

2 BACKGROUND

SAA issued a Request for Proposal (RFP) to both banking and non-banking institutions to submit their proposals for long term funding. All bids received were evaluated in accordance with the criteria embedded in the RFP and Seacrest Investment emerged as the preferred funder for the full R15 billion sought by SAA.

The Cross functional team requested that a legal due diligence be conducted on the preferred funder. An attorney was appointed to conduct the due diligence and they have returned with the attached report marked Annex 1. It appears from the report that Seacrest and its Investors are reluctant to release the required information and documentation pending the outcome of the tender evaluation and announcement of the successful bidder. The requested information and documentation is critical in this type of transaction for SAA to make an informed decision on the contracting parties. Of more concern to SAA is the origin and availability of the funds.

The due diligence process may be finalised post the award of the tender and during the contracting process and crafting of conditions precedent in the agreement. A draft agreement has been prepared for the proposed transaction with Seacrest, a copy is attached marked Annex 2. All the information and documents outstanding from the due diligence exercise have been carried over into the draft agreement as conditions precedent under clause 7.2 and sub-clauses. The transaction will not proceed without the conditions precedent being met to the satisfaction of SAA and should the conditions precedent not be met by the stipulated date, the agreement becomes null and void and of no force and effect between the parties.

3 COUNTER PARTY

Treasury

4 RECOMMENDATION

It is recommended that EXCO approves the submission for the funding requirement pending the finalisation of the due diligence report and compliance with the conditions precedent as set out in the draft agreement.

SIGNATURES:

1. Compiled by:

Ephraim Lusenga
Legal Advisor

26-11-2015
Date

2. Recommended by:

Ursula Fikelepi
GM: Legal, Risk & Compliance

26/11/2015
Date

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

2. Recommended by:

Cynthia Stimpel
Acting Group Treasurer

26/11/2015
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

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MANONG ATTORNEYS

ANNEX 1

DRAFT (1)
24 November 2015

LIMITED LEGAL DUE DILIGENCE REPORT

in respect of

the business and affairs of

SEACREST INVESTMENTS 115 PROPRIETSRY LIMITED

prepared for

SOUTH AFRICAN AIRWAYS SOC LIMITED

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

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COMMISSION OF INQUIRY INTO STATE CAPTURE

1. INTERPRETATION AND DEFINITIONS

In this report the following expressions shall bear the meaning assigned to them below and cognate expressions bear corresponding meanings:

"Seacrest"	Seacrest Investments 115 (Proprietary) Limited (registration number 2006/039199/07)
"Companies Act"	the Companies Act No. 71 of 2008, as amended
"FAIS"	Financial Advisory and Intermediary Services, Act No 37 of 2002
"Funders"	Troika and Grissag
"Grissag"	Grissag Pty Limited
"MAZI"	Mazi Capital Proprietary Limited
"PFMA"	Public Finance Management Act No. 1 of 1999, as amended
"Proposed Transaction"	the transaction contemplated in the RFP
"RFP"	the Request for Proposal for funding issued by SAA in terms of which RFP SAA invited interested parties to submit a proposal to SAA aimed at providing a long term loan for approximately R15 000 000 000 (Fifteen Billion Rands) required to meet working and capital expenditure needs as well as to consolidate the SAA's debt portfolio
"SAA"	South African Airways SOC Limited
"SARS"	South African Revenue Services
"Troika"	Troika Global Invest

2. INTRODUCTION

2.1 A limited legal due diligence investigation was conducted by Manong Attorneys Incorporation into the business affairs, the ability to provide funding and the source of funding to be loaned by Seacrest to the SAA, in relation to the long term funding requirements of the SAA.

2.2 In compiling this report, we have relied on the information, documentation and other material provided to us by Seacrest, as well as responses received pursuant to verbal and/or telephonic interviews conducted by ourselves with the representative of Seacrest being Mr Sunday Rambao.

3. SCOPE

3.1 This due diligence report is intended to provide a brief overview of the documentation provided to us by the Seacrest, which documentation relates mainly to Seacrest's ability to provide the long term funding to SAA. In our review of the documents we have sought to highlight potential risks or exposures and the level of regulatory compliance to which we wish to draw your attention, specifically those which are likely to:

3.1.1 impact upon the implementation of the Proposed Transaction; and

3.1.2 impact on Seacrest's ability to provide the long term loan to SAA.

3.2 Please note that we have not provided an analysis of matters pertaining to the operations of the business of Seacrest nor the financial affairs the Funders nor did we conduct a full legal due diligence into the entire business and affairs of the Funders.

4. EXCLUSIONS FROM SCOPE

4.1 This report does not cover the following areas:

4.1.1 any financial, accounting or tax-related matters;

4.1.2 the adequacy of insurance and risk management, other than to review insurance policies and schedules thereto;

4.1.3 operational matters and technical specifications and documentation;

4.1.4 quality management systems, procedures and requirements;

4.1.5 procurement policies, specifications and guidelines;

4.1.6 environmental matters.

5. EXECUTIVE SUMMARY

We set out below the material issues and concerns arising out of our limited due diligence investigation. We need to ascertain which of these issues are required to be addressed as pre-implementation issues, post-implementation issues or as part of the Proposed Transaction.

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5.1 CORPORATE AND STATUTORY AFFAIRS:

5.1.1 We have been provided with a copy of the certificate of confirmation issued by the CIPC in favour of Seacrest. The certificate of confirmation is dated 19 May 2014.

5.1.2 Seacrest failed to provide us with statutory information and / or documentation relating to the Funders. In an email dated 10 November 2015 Mr Rambao advised us that the representatives of Troika will be visiting South Africa during the week of 15 – 21 November 2015 and he also undertook to provide us with copies of the information requested in our due diligence questionnaire. To date such information have not been provided to us notwithstanding our repeated request for such information.

Information	Details provided
Registration number	2006 / 031116 / 07
Enterprise Name	Seacrest Investments 115 Pty Ltd
Registration Date	6 October 2006
Business Start Date	6 October 2006
Financial Year End	February
Main Business	Investments in general
Registered Address	Third Avenue 40, Nigel, 1491
Directors	Sunday Godfrey Rambao (appointed 2 December 2013)
Directors	Leon Etsebeth (appointed 20 October 2006)
Shareholders	Details of shareholders not provided.

5.2 FUNDING BY THE FUNDERS

5.2.1 We have requested Seacrest to provide us with information and documentation which may assist us to determine the source of funding to be availed by the Funders to SAA as a long term loan. We have not had sight of any such information. We cannot express a view on the source of the funds which the Funders intents to advance and / or loan to SAA

5.3 INSURANCE

5.3.1 In our Due Diligence Checklist we requested that Seacrest provide us with copies of its insurance arrangements and policies which in our view would include its Assets Insurance Policy, Primary Liability Insurance and its Umbrella Liability Insurance. We have not been provided with copies of any insurance policies or any proof of Seacrest's insurance arrangements.

5.4 BANK ACCOUNTS

5.4.1 We have requested Seacrest to provide us with confirmation of the bank account in South Africa where the money meant for the long term loan facility was deposited. To date we have not had sight or received any documentary proof of the funds and the bank account where the money was deposited.

5.4.2 During a telephone discussion with a representative of Seacrest (Mr Rambao) on 19 November 2015, Mr Rambao confirmed that the money meant for the loan term loan to SAA was not deposited in any bank account in South Africa neither was proof of such money available as at date of our telephone discussion. We were further advised by Mr Rambao that Seacrest was not prepared to arrange for the transmission of the money to South Africa until such time that Seacrest were appointed as the preferred bidder to advance and loan the loan term facility of R15 000 000 000 (fifteen billion Rands).

5.5 CREDIT APPROVALS

5.5.1 We have been provided with a copy of an undated letter received from Troika and signed by Reinaldo Vives confirming that Troika have in principle approved the request for a long term loan by SAA. It should be noted that it is impossible to conduct a background search on the directors of Troika as the portion of the letter where the details of the directors appear is partially blurred and illegible.

5.5.2 We have been advised by Mr Rambao in an email dated 12 November 2015 Troika and Grissag will jointly advance and loan the SAA the long term loan. We have however not had sight of any

confirmation or approval from Grissag confirming that Grissag will indeed advance and loan SAA part of the loan term loan facility.

5.6 REGULATORY AUTHORISATIONS AND EXCHANGE CONTROL APPROVALS

5.6.1 We have not had sight of any licences, authorisations and / or permits authorising either Seacrest or Mazi to implement the Proposed Transaction. We have conducted a desktop search on the Financial Service Board website and we established that Mazi is registered as a financial services provider in terms of FAIS with a financial services provider number 47404. We have also established (using a desktop search) that Mazi is authorised in terms of the FAIS to render the financial products listed below:

Financial Products Approved for Mazi

Category Description	Advice	Intermediary
CATEGORY I		
Long-Term Insurance : Category A	X	X
Long-Term Insurance : Category B1	X	X
Long-Term Insurance : Category C	X	X
Retail Pension Benefits	X	X
Pension Funds Benefits (excluding retail)	X	X
Securities and Instruments :Shares	X	X
Securities and Instruments : Money market instruments	X	X
Securities and Instruments : Debentures and securitised debt	X	X
Securities and Instruments : Warrants, certificates and other instruments	X	X
Securities and Instruments : Bonds	X	X
Securities and Instruments : Derivative instruments	X	X
Participatory interests in Collective Investment Schemes	X	X
CATEGORY II - Discretionary FSP		
Securities and Instruments : Shares		X
Securities and Instruments : Money market instruments		X
Securities and Instruments : Debentures and securitised debt		X
Securities and Instruments : Warrants, certificates and other instruments		X
Securities and Instruments : Bonds		X
Securities and Instruments : Derivative instruments		X
Participatory interests in Collective Investment Schemes		X
CATEGORY IIA - Hedge Fund FSP		X

5.7 MATERIAL CONTRACTS

5.7.1 We were provided with a copy of the Memorandum of Agreement ("MoA") entered into between Mazi and Searest on or about 12 October 2015. Clause 2.1 of the MoA provides that Mazi will utilise its expertise in facilitating the loan inclusive of all and any of Mazi's official status or information pertaining to the legal requirements relevant to the proposed loan agreement to SAA. Clause 4 further provides that Seacrest will negotiate the terms of the loan agreement with SAA.

5.7.2 Section 13 (1) (b) of FAIS provides that a person may not act as a representative of an authorised financial services provider unless such person (i) is able to provide confirmation, certified by the provider (in this case Mazi) to clients (aa) that a service contract or other mandatory agreement to represent the provider exists and (bb) that the provider accepts responsibility for those activities of the representative performed within the scope of or in the course of implementing any such contract or agreement. We requested Seacrest to provide us with confirmation, certified by Mazi in favour of or to SAA that a service contract or other mandatory agreement between Mazi and Seacrest authorizing Seacrest to represent Mazi is in existence and that Mazi accepts responsibility for those activities of Seacrest performed within the scope of or in the course of implementing any such contract or agreement entered into between Mazi and Seacrest. We have not been provided with confirmation that Mazi accepts responsibility for the activities of Seacrest performed under the scope of implementing the MoA.

5.7.3 We have not had sight of additional material contracts neither have we been provided with additional material agreements relevant to the Proposed Transaction.

5.8 DISPUTES

5.8.1 We have not been provided with any information and / or documentation evidencing any ongoing disputes involving either Secrest, Mazi or the Funders. We therefore cannot confirm if either Secrest, Mazi or the Funders is involved in a dispute which is likely to have a material effect on the Proposed Transaction.

5.9 TAX ISSUES

5.9.1 We have been provided with a copy of the tax clearance certificate issued by SARS in favour of Seacrest. The tax clearance certificate is valid for the period 29 January 2015 and expiring on 29 January 2016.

5.9.2 We have not had sight of any tax related information and / or documentation in respect of Seacrest, Mazi or the Funders.

IP

6. CONCLUSION

6.1 Based on the limited information provided to us by Seacrest, our due diligence investigation revealed the material issues which we have set out in this high level report.

6.2 Our legal due diligence report is limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. No attempt has been made to establish the accuracy and reliability of any of the documentation, and/or information provided to us by Seacrest.

6.3 In law and in terms of FAIS Seacrest requires a financial services provider licence in order to render any of the financial services to clients including SAA as contemplated in the RFP. Notwithstanding the contractual arrangements between Mazi and Seacrest in terms of the MoA, Seacrest cannot contract in its own name but that of the financial services provide that holds a licence being Mazi. In our view the roles and responsibilities carried by Seacrest or that will be carried out by Seacrest upon implementation of the Proposed Transaction are those of a representative and therefore Seacrest cannot contract in its own name but that of Mazi.

6.4 We recommend that:

6.4.1 the Seacrest's ability and legal capacity to implement the Proposed Transaction and to contract in its own name be thoroughly considered; and

6.4.2 a thorough analysis of the impact of the outcome of the consideration to be made in terms of paragraph 6.4.1 taking into account the legal impact on the procurement processes should Seacrest not have the necessary legal capacity to perform certain legislative obligations contemplated in the RFP and again in FAIS.

6.5 Manong Attorneys Incorporated will not be liable for any loss, damage, expense or other liability of any nature whatsoever incurred by any third party in reliance on anything contained in this report.

IP

SEACREST INVESTMENTS

LOAN AGREEMENT

Made and entered into by and between:

SEACREST INVESTMENTS 115 (PTY) LTD
[Registration Number:2006/031116/07]

a private company incorporated in accordance with the company laws of the Republic of South Africa

[hereinafter referred to as "the Lender"]

and

SOUTH AFRICAN AIRWAYS SOC LTD
[Registration Number: 1997/022444/30)

a state owned company duly registered and incorporated in accordance with the company laws of the Republic of South Africa

[hereinafter referred to as "the Borrower"]

Commented [EL1]: As set out in the draft DD report we are of the view that Seacrest are acting as a "Representative" as contemplated in the FAIS Act since they do not hold an FSP licence. A representative can therefore not contract in its own name but that of its principal (Mazi Capital)

Commented [UF2]: Seacrest is the bidder and the award will be to Seacrest. Therefore, how will the above comment apply and be effected?

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

In this Loan Agreement unless the context otherwise indicates –

1.1 the singular shall include the plural and *vice versa*;

1.2 words indicating one gender shall import and include the other gender;

1.3 the headings to this Loan Agreement are used for the sake of convenience and shall not govern the interpretation hereof;

1.4 **"Available Facility"** means the aggregate for the time being of the Lender's Available Commitment;

1.5 **"Available Commitment"** means the Lender's Commitment minus any proposed utilisation, of the amount of R14 000 000 000,00 (fourteen billion rand);

Commented [UF3]: Is it not R15bn?

1.6 **"Business Day"** – means any day which is not a Saturday, Sunday or official public holiday recognised as such under the Public Holidays Act, 1994 (Act No. 36 of 1994);

1.7 **"Final Repayment Date"** – means _____2026 or a later date to be agreed between the Parties;

1.8 **"Interest Period"** – means in relation each successive period of three months commencing on the Utilisation Date provided that the final Interest Period shall commence on the interest payment date immediately preceding the Final Repayment Date and ending on the Final Repayment Date;

"**Investors**" [Drafting note: please insert a definition of the investor. Our understanding is that they are Grissag and Troika]

1.9 **"Loan"** – means the loan/debt specified in clause 2;

1.10 **"Lending rate"** – means 6,8 % (six comma eight percent) per annum in respect of the initial unsecured amount of R3 billion and applicable only until the second drawdown in the amount of R4 billion, whereafter **"Lending rate"**will mean 5,8% (five comma eight percent) per annum to be calculated from the dates of the drawdown of each amount;

1.11 **"Prime Rate"** – means the publicly quoted basic rate of interest (percent, per annum, compounded monthly in arrear and calculated on a 365 day year) irrespective of whether the year is a leap year, from time to time published by FirstRand Bank Limited (or its successors in title) as being its prime overdraft rate, as certified by any manager of such bank, whose appointment and designation need not be proved.

Commented [UF4]: Seems incomplete, please check

1.12 **"Default Interest"** – means two percent per annum above the lending rate.

1.13 **"Signature Date"** – means the date of the signature of the Party last signing this Agreement in time;

1.14 **"Term"** – The duration of the transaction as specified in clause 2 of this Loan Agreement.

1.15 **"Total Commitments"** means ZAR 14 000 000 000;

1.16 **"Utilisation"** – means the utilisation of the Loan;

1.17 **"Utilisation Date"** – means the date of an Utilisation, being the dates on which the Loan amounts are to be drawn down; and

1.18 **"Utilisation Request"** - means a notice substantially in the form set out in Annexure B.

2. LOAN AMOUNT

Upon and subject to the terms and conditions hereinafter set out, the LENDER will make available to the BORROWER the sum of R14 000 000 000,00 (fourteen billion rand)("the debt") to be borrowed by the BORROWER as follows :

Commented [UF5]: R15bn?

2.1 The term of the transaction is ten years to be calculated with effect from the 1st day following the draw down date of the amount of R4 billion (four billion rand) referred to in 2.2.2 below;

2.2 Subject to the provisions of clause 7, the BORROWER shall draw the debt as follows:-

2.2.1 an amount of R3 billion (three billion rand) within 14 (Fourteen) days from the date of signature by the party last signing this agreement in time;

2.2.2 an amount of R4 billion (four billion rand) within 21 (twenty-one) days from the date of delivery of a South African Government Guarantee in the amount of R3 billion (three billion rand) by no later than 28 February 2016 as security for repayment of the loan.

2.23 an amount of R7 billion (seven billion rand) within 21 (twenty-one) days from the date of delivery of a South African Government Guarantee in the amount of R3 billion (three billion rand) by no later than 30 June 2016 as security for repayment of the loan.

2.3 The Borrower may not deliver a Utilisation Request in respect of the debt, unless the Lender has received all the documents and other evidence as listed in clause 7.

2.4 If it becomes impossible for the Borrower to obtain any of the documentation or evidence listed in clause 7, the Borrower shall promptly notify the Lender upon becoming aware of the event.

3. INTEREST

3.1 The loan amount shall bear interest at the Lending Rate referred to in 1.10 above.

3.2 Interest shall be calculated from the drawdown dates on the outstanding balance of the loan amount, plus any interest outstanding thereon from time to time.

3.3 Notwithstanding the Signature Date of this agreement and the drawdown date of the amount of R3 billion (three billion rand) referred to in 2.2.1 above, the first quarterly period for the payment of interest shall be determined with effect from the first day of the month following the drawdown date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above.

3.4 After the drawdown date of the amount of R7 billion (seven billion rand) referred to in 2.2.3 above, the payment of interest thereon shall be calculated *pro rata* to coincide with the following quarterly payment date as per 3.3 above, whereafter payment of interest on the total amount of the loan will follow quarterly.

4. INCREASED COSTS

4.1 Subject to clause 4.4 the Borrower shall, within 30 Business Days of a demand by the Lender, pay for the account of the Lender the amount of any Increased Costs incurred by the Lender as a result of:

4.1.1 the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

4.1.2 compliance with any law or regulation made after the Signature Date.

4.2 The terms law inclause4.1 shall include, without limitation, any law or regulation concerning capital adequacy, prudential limits, liquidity or reserve assets.

4.3.1 If the Lender intends to make a claim pursuant to clause 4.1, it shall notify the Borrower of the event giving rise to the claim.

Commented [UF6]: Check numbering

4.3.2 the Lender shall, as soon as practicable after a demand by the Borrower, provide a certificate confirming the amount of its Increased Costs. A certificate signed by any Director of the LENDER (whose appointment it shall not be necessary to prove) as to such additional amount(s) shall be *prima facie* proof for all purposes in the absence of manifest error.

Commented [UF7]: Check numbering and consistency of use of defined terms

4.4 Exceptions -

4.4.1 Clause 4.1 does not apply to the extent that any Increased Cost is:

4.4.1.1 attributable to a Tax Deduction required by law to be made by the Borrower;

4.4.1.2 attributable to the wilful breach by the Lender or its Affiliates of any law or regulation.

Commented [UF8]: Including this contract

5. REPAYMENT

5.1 Payment by SAA of interest on the initial unsecured amount of R3 billion (three billion rand) at the lending rate of 6.8% (six comma eight percent) will be made on the draw down date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above.

5.2 During the initial period of five (5) years of the loan, the BORROWER will only service the interest component by way of twenty (20) quarterly payments with effect from the first day of the month following the drawdown date of the amount of R4 billion (four billion rand) referred to in 2.2.2 above and quarterly thereafter on the last day of each period with the last quarterly payment date.

5.3 During the second five year period of the ten (10) year term of the loan, the BORROWER will repay the total of the capital borrowed from the LENDER in terms hereof together with interest in accordance with the example in Annexure "A" to this loan agreement.

Commented [UF9]: Consistency of use of defined terms

5.4 All payments in terms hereof are to be made on the last day of each Interest Period, provided that should any such day of the month not be a Business Day, then such payment shall be made on the preceding Business Day.

5.5 The above payment arrangement may be renegotiated between the parties during the term of the agreement.

5.6 All payments to be made pursuant to this Loan Agreement may be made by means of Electronic Funds Transfer ("EFT") to the bank account, the details of which the LENDER will provide to the BORROWER in writing within seven (7) days from date of signature hereof.

6. GUARANTEES

6.1 The BORROWER shall on or before 28 February 2016 provide a South African Government Guarantee in the amount of R3 billion (three billion rand) as partial security for the repayment of the loan;

6.2 The BORROWER shall provide further South African Government guarantees in the amount of R3 billion (three billion rand) each as partial security for repayment of the loan on or before 30 June 2016.

7. CONDITIONS PRECEDENT

7.1 Notwithstanding anything to the contrary in this Loan Agreement, the BORROWER shall upon signature of this agreement by both parties, provide the LENDER with copies of the following:

7.1.1 Up-to-date authorization (documentation/certificates/notices) for the BORROWER to borrow money together with a specimen signature schedule;

7.1.2 Proof of compliance with all and any regulatory and statutory requirements for purposes of entering into this Loan Agreement;

7.1.3 The BORROWER's latest financial statements;

7.1.4 A resolution from the Board of the BORROWER, authorizing the official to incur the debt in respect of each of the debts referred to prior to the down date together with a copy of the authorization of its official/s to sign the relevant document on behalf of the BORROWER;

7.2 The operation of this Loan Agreement shall be suspended until and shall be subject to the following Conditions Precedent. The whole of this Loan Agreement is subject to the following Conditions Precedent being fulfilled no later than [**to insert date**]:

Commented [UF10]: Check for redundancy and tautology

7.2.1 A certified copy of the constitutional documents of the Lender.

7.2.2 A certified copy of a resolution of the board of directors of the Lender:

7.2.2.1 approving the terms of, and the transaction contemplated by, the Loan Agreement to which it is a party and resolving that it execute the Loan Agreement to which it is a party;

7.2.2.2 authorising a specified person or persons to execute the Loan Agreement to which it is a party on its behalf; and

7.2.2.3 an original specimen of the signature of each person authorised by the resolution referred to in paragraph 7.2.2.2 above.

7.3 A duly executed original certificate of the Borrower (signed by a director) confirming that lending the Total Commitments would not cause any lending or similar limit binding on it to be exceeded.

7.4 A duly executed original certificate of an authorised signatory of the Borrower certifying that each copy document relating to it is correct, complete and in full force and effect as at a date no earlier than the Effective Date.

7.5 An original copy of the report from the insurance advisor, certifying that all required Insurances are in place and on risk, in full force and effect.

7.6 Certified copies of all cover notes and statements issued in respect of the insurances required to be in place on Effective.

7.7 Evidence that the Bank Account has been opened with the Bank and that all applicable mandates are in place.

7.9 The approval of the credit committees and/or boards of directors of each Funder of the grant of the Facilities to the Borrower under the Loan Agreement.

7.8 Such documentation and other evidence as is reasonably requested by the Facility Agent (for itself or on behalf of any other Finance Party) to carry out and be satisfied that it has complied with all necessary know your customer or similar identification procedures under applicable laws and regulations (including the Financial Intelligence Centre Act, 2001) pursuant to the transactions contemplated in the Loan Agreement.

7.9 A certified copy of the approvals of the Financial Surveillance Department of the South African Reserve Bank, on terms acceptable to the Borrower.

7.10 Certified copies of the latest audited consolidated financial statements of the Investors and the latest audited unconsolidated financial statements of the Funders.

8. CONDITIONS

8.1 Until the BORROWER has repaid the Loan and Interest to the LENDER for the term of the transaction and as long as any amount in respect of the BORROWER'S Commitment to the Lender in terms hereof, remains outstanding, the BORROWER shall not be entitled to incur **ANY NEW UNSECURED DEBT,** or create or permit to subsist any mortgage, pledge, lean or other encumbrance of whatsoever nature on any of its assets or revenues without the written consent of the LENDER, the consent which shall not be withheld unduly by the LENDER.

8.2 Clause 9.1 shall not apply :

8.2.1 to any short or long term debt secured by guarantees for repayment thereof by the South African Government

8.2.2 to mortgage, pledge, lean or other encumbrance made in the ordinary course of trading of the Borrower.

8.3 The BORROWER shall for the duration of the loan, on at least an annual basis provide the LENDER access to all information in order to enable the LENDER to do a credit review and the BORROWER shall fully co-operate with the LENDER in this process.

8.4 Upon conclusion of this Loan Agreement, the BORROWER is obliged to draw down the loan amount on the date stipulated in this Loan Agreement.

9. COVENANTS

9.1 The South African Government holds100 % (one hundred percent) shares (directly or indirectly) of the BORROWER's share capital.

9.2 The Republic of South Africa's current credit rating by the Standard & Poor's global scale long term local credit rating equates to BBB, the variation of which during the term of this agreement will not in any way be regarded as an event of default by the BORROWER and the Lender shall not call on the Loan on the ground of any downgrade.

Commented [UF11]: rationale

10. EVENTS AND DEFAULTS

10.1 If any of the following events each of which shall be severable and distinct from the others occur namely –

10.1.1 the BORROWER commits a breach of any of the terms and conditions of this Loan Agreement or any of the terms and conditions of any securities which may have been given in respect of this Loan Agreement and such breach is not remedied within a period of 30 (thirty) days after receipt of written notice of such breach; or

10.1.2 the BORROWER defaults in the due payment or due performance on any amount payable or obligation to be performed under any Agreement, Suretyship or other guarantee to which it is a party which obligation the LENDER considers to be material; or

10.1.3 any material indebtedness or obligation constituting and indebtedness of the BORROWER not paid when due, or shall become due and payable prior to its specified maturity by reason of default; or

10.1.4 the BORROWER enters into any compromise or arrangement with any of its creditors or attempts to do so; or

10.1.5 the BORROWER suffers any default judgment against it to remain unsatisfied for 30(thirty) days, or is refused a rescission of any default judgment; or

Commented [EL12]: Given the size of SAA and its foot print in the world it is likely that a judgment could be noted against it at any given day. We suggest that the clause be amended to only provide for a judgment above a certain threshold to be agreed between the parties.

10.1.6 the BORROWER permits any of its assets to be attached under a warrant of execution which is not set aside within a period of 30 (thirty)days after service thereof upon the BORROWER; or

10.1.7 the South African Government's shareholding (directly or indirectly) of the BORROWER's share capital falls under 50,1 % (fifty comma one percent); or

10.1.8 the loan facility as per this Loan Agreement becomes unlawful for the BORROWER to perform; then without prejudice to any other rights which might thereupon be available to LENDER the full amount owing in terms of this Loan Agreement together with all interest then accrued but unpaid and other charges for which the BORROWER may be liable or become liable to pay in terms of this Agreement, shall forthwith become due and payable by the BORROWER.

10.2 Should in the opinion of the LENDER, a material adverse change occur in relation to the legal status or financial affairs of the BORROWER which is not rectified by the LENDER within sixty (60) days after service by the LENDER of notice requiring the BORROWER to remedy such change, the LENDER will have the right to claim immediate payment of all amounts due in respect of the Loan amount.

11. REPRESENTATION AND WARRANTY BY THE LENDER

11.1 The LENDER represents and warrants that –

11.1.1 It acts herein as representative of a Joint Venture entered into by and between the LENDER and its business associates.

11.1.2 The terms and conditions of this Agreement are not in conflict with the terms and conditions of the Joint Venture Agreements entered into by and between the LENDER and its said business associates;

11.1.3 That the funds raised to facilitate the loan is not of an illegal origin or, in any way whatsoever, connected to any unlawful business/scheme.

11.2 The business associates of the LENDER are:

11.2.1 Mazi Capital (Pty) Ltd (Registration No. 2006/006855/07) a South African registered and service provider with FSP license number 27404, in terms of which license the loan is facilitated; and

11.2.2 Grissag AG (Pty) Ltd (Registration No. 2015/070820/07) a South African registered company and representative of the Investors whose funds are to be utilised for the loan.

Commented [u13]: Which role will be played by Grissag in the transaction?

Commented [u14]: Please define

12. REPRESENTATIONS AND WARRANTIES BY THE BORROWER

12.1 The BORROWER represents and warrants that –

12.1.1 its acceptance of the terms of this Loan Agreement have been duly authorised (i.e. compliance with license requirements, approvals, permits, including any government approvals) and do not contravene any law (including PFMA) or any contractual obligation binding upon it;

12.1.2 there is no material litigation or similar proceedings, to the knowledge of the BORROWER, presently pending or threatened which would have a material adverse effect on the business or assets of the BORROWER;

Commented [UF15]: Get similar warranty and rep from LENDER

12.1.3 the BORROWER is not in default in respect of any of its obligations in respect of money advanced and no event specified in clause 10 has occurred that is continuing;

Commented [UF16]: Get similar rep and warranty from LENDER

12.1.4 the BORROWER has not presented the LENDER with any misleading information and that all information supplied or to be supplied to the LENDER by the BORROWER concerning the BORROWER's business as contained in the BORROWER's balance sheets, trading and profit and loss accounts, cash flows and other financial statements or accounts is true and correct in all material respects and will in future be true and correct in all material respects.

12.2 The Lender makes the representations and warranties set out hereunder to the Borrower on the Signature Date:

12.2.1 **Status** – it is a duly incorporated company and validly existing under the laws of its jurisdiction of Incorporation.

12.2.2 **Binding obligations** – the obligations expressed to be assumed by it are legal, valid, binding and enforceable obligation. For purposes of this agreement, obligation means the lending by the Lender of the Loan to the Borrower.

12.2.3 **Non-conflict with other obligations** – the entry and performance by it of the obligation do not and will not conflict with:

12.2.3.1 any law or regulation applicable to it, where failure to comply with such law or regulation would result in the attachment of the Commitments or Loan made to the Borrower;

12.2.3.2 its constitutional documents; and/or

12.2.3.3 any agreement or instrument binding upon its assets

12.2.4 **No misleading information** - any factual information contained in or provided by the Lender for the purposes of this transaction is true, complete and accurate in all material respects as at the date it was provided or as at the date (if any) at which it is stated;

12.2.5 **Ownership of assets** – that it has good title to all its assets necessary to implement the Loan Agreement.

12.2.6 **Sanctions** – the Lender or any of its Affiliates is not directly or indirectly involved in any activities in its capacity or with any person or entity which is currently listed on the SDN list or in a country which is subject to any OFAC Sanctions, to the extent that its funding under this Agreement would currently be prohibited by OFAC Sanctions if conducted by a person in the United States of America.

Commented [u17]: Please define

Commented [u18]: Please define

Commented [UF19]: UK Anti-bribery nad Corruption Act

12.2.7 **Compliance with Laws** – that the Lender is compliant with all legislation and regulatory requirements relating to lending of monies applicable to it.

13. PENALTY INTEREST

Should the BORROWER fail to pay on due date any amount failing due or payable to LENDER under or arising from this Loan agreement then, without prejudice to such other rights that may accrue to LENDER consequent upon such failure, such overdue amounts shall bear penalty interest at the rate of two (2) percent per annum compounded quarterly from the due date to the date of payment.

14. DOMICILIA

14.1 The parties respectively choose their *domicilia citandi et executandi* for all notices and processes to be given or served in pursuance hereof at the following addresses:

THE LENDER: Seacrest Investments 115 (Pty) Ltd
Physical :
c/o Jordaan GL & Co
First Floor, 2 Inala Building, Breytenbach Street, Nigel,

Gauteng, ZA 1491
Telephone: 011 814 6520
Telefax: 011 814 1846
Postal : PO Box 757, Nigel 1490

THE BORROWER: SAA
Physical :
Jones Road, Airways Park
KEMPTON PARK1619
Postal :
Private Bag X13
O R TAMBO INTERNATIONAL AIRPORT1627
Telefax : +27 11 978 1201
Attention : Head of Cash Management

14.2 Any notice or communication required or permitted to be given in term of this Loan Agreement will be valid and effective only if given in writing and delivered by hand or by post or Telefax.

14.3 Either party may by written notice to the other party change its chosen domicilium to another physical address or change its fax number, provided that the change will become effective on the 7th day after the receipt of the notice by the addressee and provided such other physical address is a South African address.

14.4 Any notice by Telefax to a party at its Telefax number will be deemed unless the contrary is proved to have been received within 2 hours of transmission provided that if the deemed time of receipt is not during normal business hours then it is deemed to have been received one hour after commencement of normal business hours on the next Business Day.

15. INDULGENCE

No relaxation or indulgence granted by the LENDER to the BORROWER from time to time shall be deemed to be a waiver of the LENDER's rights in terms hereof, nor shall any such relaxation or indulgence be deemed to be a novation or waiver of the terms and conditions of this Loan Agreement.

16. ENTIRE LOAN AGREEMENT

This Loan Agreement constitutes the entire Loan Agreement between the parties and any amendment, addition or alteration to the provisions hereof shall only be deemed to be of force and effect if such amendment, addition or alteration is reduced to writing and signed by the parties.

17. COSTS AND EXPENSES

17.1 Each party shall bear its own costs relevant to the drafting and execution of this Agreement.

17.2 All legal costs as between attorney and his own client charges and disbursements and fees of a like nature incurred by LENDER in successfully enforcing or defending any of the provisions of this Loan Agreement or any claim there under shall be for the account of the Borrower and be payable on demand.

18. EXECUTION

This Loan Agreement is executed for and on behalf of –

The **LENDER** by **Sunday Godfrey Rambao** in his capacity as **Chairman** of **SEACREST INVESTMENTS 115 (PTY) LTD.**

The **BORROWER** by _____ in his/her capacity as _____ of the **SOUTH AFRICAN AIRWAYS SOC LTD,** he/she being duly authorised hereto under and by virtue of a resolution passed by _____ of the BORROWER on the ___ day of NOVEMBER 2015.

Commented [UF20]: Need 2 signatories for SAA

THUS DONE AND SIGNED AT _____ on this the ___ day of NOVEMBER 2015.

In the presence of the undersigned witness:

AS WITNESS:

for and on behalf of the **LENDER**

_____

_____

Name:

Capacity

who warrants authority

THUS DONE AND SIGNED AT _____ on this the ___ day of NOVEMBER 2015.

In the presence of the undersigned witness:

AS WITNESS :

for and on behalf of the **BORROWER**

_____

_____

Name:

Capacity

who warrants authority

[LOAN AGREEMENT.SEACREST.SAA]

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-286
CSB 15

FDC
FREE STATE DEVELOPMENT CORPORATION
YOUR PARTNER IN DEVELOPMENT

E-MAIL: fdccorp@fdc.co.za | www.fdc.co.za

FDC HOUSE | 33 KELLNER STREET, CNR MARKGRAAFF STREET | P O BOX 989 | BLOEMFONTEIN
REPUBLIC OF SOUTH AFRICA | 9300 | TEL: +27 51 400 0800 | FAX: +27 51 447 0929

Our Ref: S Moyo

Your Ref: P. Nhantsi

South African Airways
Private bag X13
Johannesburg

Gauteng

Free State Development Corporation is a schedule 3D company in terms of PFMA. The Corporation offers financial and non-financial support in terms of FDC Act. Subsequent to our discussion regarding funding that we provide, we are in the process of exploring a joint venture between FDC and foreign investor through its newly formed subsidiary in the Free State.

The investor has indicated that there is appetite for government owned entities such as SAA who require funding. This is a first of its kind within FDC but we would like to explore this opportunity and provide such funding to yourselves. This is subject to investor agreements reached and also PFMA approvals sought. I will keep you informed if this materialises and we will negotiate terms at that point in time. The funder has indicated that it is low cost funding but this matter is under discussion. I envisage this to be between 3% and 6%. Please note that as we discussed, this letter is not a commitment but one of the solutions we may explore in future together.

I look forward to engaging you further as we progress on this matter

Regards

Shepherd Moyo

2 December 2015

TP

Duly constituted in terms of Free State Development Corporation Act 6 of 1995
DIRECTORS: Ms HB Matseke (Chairperson); Messrs PBM Chuene (Deputy Chairperson)
V Maharaj; Ms HN Mkhungo; Mr LL Phungo; Ms TN Sandlana;
Mr I Osman (Chief Executive Officer); Mr D Nkaiseng (Company Secretary)

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY
INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS

EXCERPT FROM THE DRAFT MINUTES OF THE SAA BOARD OF DIRECTORS MEETING NO 2015/07 HELD ON THURSDAY, 03 DECEMBER 2015 AT AIRWAYS PARK, 6TH FLOOR BOARDROOM AT 12H30

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

The Board of Directors **RESOLVED** to:

(a) decline the secured term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company; due to the lack of information in the due diligence report and the reluctance by Seacrest to provide proof as to the source and availability of funds;

(b) decline the recommendation that in the event that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers be executed as the alternatives to finance the additional funding requirement for the FY2015/16 as the funds offered would not be sufficient to consolidate SAA's debt;

(c) approve that the Interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and/or dispatch all documents and notices related to the R14 billion loan offer received from a potential funder, Free State Development Corporation SOC Ltd (FDC), as per the letter circulated at the Board meeting. The Board recognised that as a state owned entity (SOC), the FDC carried less risk for the Airline and in the unlikely event of a default by SAA; another SOC would treat SAA differently than a private lender.

True extract from the draft minutes

Ruth Kibuuka
Company Secretary
Date: 08/12/2015

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

INTO STATE CAPTURE

CASS-290
CSB 17

Cynthia Stimpel

From: Ruth Kibuuka
Sent: 10 December 2015 13:09
To: Cynthia Stimpel; PhumezaN@sng.za.com; Dikeledi Raboroko; Lester Peter; Phumeza Nhantsi
Cc: Michael Kleyn; Joseph Makoro; Simphiwe Hlatshwayo; Lindsay Olitzki; Ephraim Lusenga
Subject: RE: Excerpt -R15 Billion Guarantee
Attachments: R15 Billion Guarantee..pdf

Dear Cynthia,

Apologies for the late response, as your email came when I was already in the Board meeting. The Board resolved in such a manner so as to expedite the process, by authorising the Acting CEO and CFO to: *" take the necessary steps to negotiate, conclude, execute and sign, and / or dispatch all documents and notices related to the R14bn proposal ....."*

The Acting CEO and CFO therefore have the mandate to perform all actions necessary to process the funding proposal, following the governance processes required.

Regards

Ruth Kibuuka | Company Secretary

Mobile: +27 083 531 6004 | Phone: +2711-978-6553 | Fax: +2711 978-1055 | E-Mail: RuthKibuuka@flysaa.com
Floor 6,Block A,Airways Park,OR Tambo International- Johannesburg- SOUTH AFRICA

From: Cynthia Stimpel
Sent: 09 December 2015 12:37 PM
To: PhumezaN@sng.za.com; Ruth Kibuuka; Dikeledi Raboroko; Lester Peter; Phumeza Nhantsi
Cc: Michael Kleyn; Joseph Makoro; Simphiwe Hlatshwayo; Lindsay Olitzki; Ephraim Lusenga
Subject: FW: Excerpt -R15 Billion Guarantee

Dear All

Thank you for the Board Decision Record for the RFP Funding Requirement of R15 Bn, which I have sent to the CFST Funding members yesterday.

Please may I seek clarification:
The last Paragraph (c) as per attached:
"(c) approve that the interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and / or dispatch all documents and notices related to the R14 Billion Loan Offer received from a potential funder, Free State Development Corporation SOC Ltd (FDC), as per the letter circulated at the Board meeting. The Board recognised that as a state owned entity (SOC), the FDC carried less risk for the Airline and in the unlikely event of a default by SAA; another SOC would treat SAA differently than a private lender."

This paragraph is silent on ""Re-open of the RFP Tender and adding FDC" to the list of potential funders, and equally silent on following due process.

Therefore may I recommend that the Board Resolution take into account the following in order for the CFST to follow the proper governance procedures:
The Board recommend that the

1. RFP for Funding be re-opened for a few days;
2. That the CFST add the potential funder – FDC (Free State Development Corporation) to the existing list of funders;
3. That the CFST send the RFP to FDC, and evaluate their proposal against the existing funding proposals; (rather than re-sending out the RFP to everyone again due to time constraints);
4. That the CFST complete final review and evaluation of all proposals.
5. Evaluate the final list of proposals with the 2 observers from the NT office (as per the ministers request on the funding).
6. Follow the governance process by submitting the recommended best potential funding proposal for SAA, to FRSC, EXCO, ARC and Board. This process should be expedited.

Therefore the recommendation is that the Board Resolution would need to be reworded or an addendum be written.

Thanks and regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Dikeledi Raboroko
Sent: 08 December 2015 15:44
To: Cynthia Stimpel
Subject: RE: Excerpt -R15 Billion Guarantee

No. but for your peace of mind. Here is a dated one

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Cynthia Stimpel
Sent: 08 December 2015 03:35 PM
To: Dikeledi Raboroko
Subject: RE: Excerpt -R15 Billion Guarantee

Hi Dike
The Board Resolution is not dated, I notice.

Regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Dikeledi Raboroko
Sent: 08 December 2015 15:23
To: Phumeza Nhantsi; Cynthia Stimpel; Musa Zwane
Cc: Michael Kleyn; Ruth Kibuuka
Subject: Excerpt -R15 Billion Guarantee

IP

Cynthia Stimpel

From: Michael Kleyn
Sent: 14 December 2015 09:24
To: Phumeza Nhantsi
Cc: Cynthia Stimpel; Lindsay Olitzki; Joseph Makoro; Ephraim Lusenga; Simphiwe Hlatshwayo
Subject: STANDARD CHARTERED BRIDGE

Importance: High

Sorry Ma'am

With all the changes in MOF over the last couple of days SCB advised me on Friday that the deal was in serious jeopardy.

Our relationship manager, Antonie Swanepoel, worked on the matter over the weekend and with the news of Pravin Gordhan being appointed, the deal seems to have been salvaged.

Ma'am, with all due respect, the external legal review of the documents for the bridge facility is wasting valuable time. This is only a 3-month bridge, not long term funding. Our internal legal advisors have to date been involved in all the loan agreements. The Government guarantee is going to consume more time to conclude because of the fact that it is the security for the loan. Public Holiday on Wednesday as well.

Can we kindly expedite the review of the documents. Although we have been able to survive last week, Monday the 21st is going to be extremely difficult as we have to make payments of $5.5m (R82m) which are being delayed, to Rolls-Royce on Friday the 18th.

Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

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IP

Kindly find attached for your attention and necessary action.

Regards
Dike

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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COMMISSION OF INQUIRY INTO STATE CAPTURE

I P

SOUTH AFRICAN AIRWAYS

EXCERPT FROM THE DRAFT MINUTES OF THE SAA BOARD OF DIRECTORS MEETING NO 2015/07 HELD ON THURSDAY, 03 DECEMBER 2015 AT AIRWAYS PARK, 6TH FLOOR BOARDROOM AT 12H30

FUNDING REQUIREMENT – APPROVAL OF A R15 BILLION TERM LOAN FACILITY

The Board of Directors **RESOLVED to:**

(a) decline the secured term loan facility of R15 billion for a period of 10 years offered to SAA by Seacrest Investments 115 (Pty) Limited ("Seacrest"), for the consolidation of the current debt portfolio of the company; due to the lack of information in the due diligence report and the reluctance by Seacrest to provide proof as to the source and availability of funds;

(b) decline the recommendation that in the event that the Seacrest transaction cannot be executed, the Standard Chartered Bank, ABSA and Nedbank offers be executed as the alternatives to finance the additional funding requirement for the FY2015/16 as the funds offered would not be sufficient to consolidate SAA's debt;

(c) approve that the Interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and/or dispatch all documents and notices related to the R14 billion loan offer received from a potential funder, Free State Development Corporation SOC Ltd (FDC), as per the letter circulated at the Board meeting. The Board recognised that as a state owned entity (SOC), the FDC carried less risk for the Airline and in the unlikely event of a default by SAA; another SOC would treat SAA differently than a private lender.

True extract from the draft minutes

Ruth Kibuuka

Company Secretary

Date: 08/12/2015

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

STATE CAPTURE INQUIRY INTO STATE CAPTURE

CASS-296
CSB 18

Cynthia Stimpel

From: Phumeza Nhantsi
Sent: 10 December 2015 08:51
To: Cynthia Stimpel; Michael Kleyn; Lindsay Olitzki; Joseph Makoro; Ephraim Lusenga; Simphiwe Hlatshwayo
Subject: RE: Excerpt -R15 Billion Guarantee

Dear all

Noted

From: Cynthia Stimpel
Sent: 09 December 2015 12:49 PM
To: Michael Kleyn; Lindsay Olitzki; Joseph Makoro; Ephraim Lusenga; Simphiwe Hlatshwayo
Cc: Phumeza Nhantsi
Subject: FW: Excerpt -R15 Billion Guarantee

Dear All
Kindly note the email from NT – regarding guaranteed funding and following governance process.
Best regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Avril Halstead [mailto:Avril.Halstead@treasury.gov.za]
Sent: 09 December 2015 12:35
To: Cynthia Stimpel; Ravesh Rajlal
Cc: Higgo Du Toit
Subject: RE: Excerpt -R15 Billion Guarantee

Hi Cynthia

From National Treasury's side, what is important is that the process that is followed to select a funder/s must be in line with the relevant legal framework and SAA's policies and governance processes. It is important to note that there has been a change in interest rates during the intervening period between when the RFP closed and now as well as a significant amount of negative news flow relating to SAA that could have a material impact on the bids received from funders.

As with the previous RFP process, representatives from National Treasury should be involved as observers in the adjudication process for any guaranteed funding.

Yours

Avril Halstead
Chief Director: Sector Oversight
Asset and Liability Management
Tel: (012) 315 5678, **Fax:** (012) 323 1783, **Cell:** 082 335 4934

IP

national treasury
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: 08 December 2015 03:37 PM
To: Avril Halstead; Ravesh Rajlal
Subject: FW: Excerpt -R15 Billion Guarantee

Dear All
This is the Board resolution for the RFP Funding Requirement Submission for the R15 Billion.
We will discuss amongst the CFST for Funding.
Best regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Dikeledi Raboroko
Sent: 08 December 2015 15:23
To: Phumeza Nhantsi; Cynthia Stimpel; Musa Zwane
Cc: Michael Kleyn; Ruth Kibuuka
Subject: Excerpt -R15 Billion Guarantee

Kindly find attached for your attention and necessary action.

Regards
Dike

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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CASS-299

Nhlakanipho N. Kunene

From: Shepherd S. Moyo <shepherdm@fdc.co.za>
Sent: Friday, 11 December 2015 14:49
To: Michael Kleyn
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Well received. We will work in line with stipulated deadline.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
☎ **Office:** +27 (0) 51 4000 878 | **Fax2email:** +27 (0) 86 681 7522 | ✉ **Email:** shepherdm@fdc.co.za
www.fdc.co.za

From: Michael Kleyn [mailto:MichaelKleyn@flysaa.com]
Sent: 11 December 2015 11:33 AM
To: Shepherd S. Moyo
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Michael Kleyn; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: SAA FUNDING RFP
Importance: High

Dear Sir

Following a recommendation by the SAA Board of Directors, we hereby kindly invite a funding proposal from the FDC as per the attached September 2015 RFP.

A sample termsheet is also attached, if needed, to structure your response.

We would appreciate it if you could provide the proposal by 12 noon Thursday 24 December 2015. Kindly note the procedure to follow if you have any questions.

IP

Kindly give an indication whether immediate unsecured bridge funding of R1 billion for a period of three months could be offered.

Kind Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa
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Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMB

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IR

CASS-302
CSB 20

Nhlakanipho N. Kunene

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Friday, 11 December 2015 15:44
To: Ephraim Lusenga; Michael Kleyn
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Good day,

Yes we will perform the legal due diligence and I would suggest we give that mandate to Ursula at Legal department.

We had an EXco meeting today and they suggested that we extend the scope of this and not only send the RFP to FDC but also send it to IDC and PIC as well so that we can see where we can get the better rates

I saw that you have already send RFP to FDC and thank you for thank and could you then please send it to PIC and IDC as well

Regards

From: Ephraim Lusenga
Sent: 11 December 2015 03:14 PM
To: Michael Kleyn; Phumeza Nhantsi
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Dear Michael

Are we going to conduct a legal and financial due diligence on FDC?

Ephraim Lusenga | Legal Adviser | Legal

Mobile: 0833818900 | Phone: +2711-978-3955 | E-Mail: EphraimLusenga@flysaa.com
Room 103, Floor 1, Block E, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

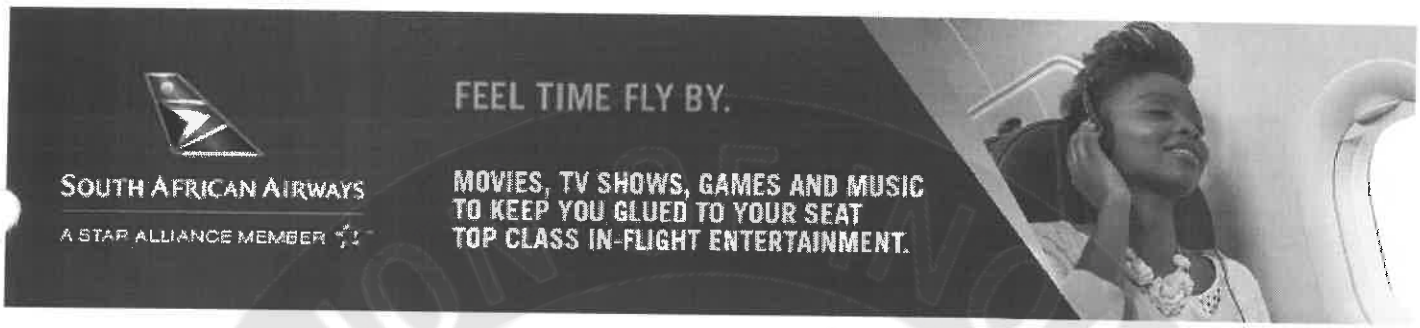
From: Shepherd S. Moyo [mailto:shepherdm@fdc.co.za]
Sent: 11 December 2015 02:49 PM
To: Michael Kleyn
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Well received. We will work in line with stipulated deadline.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
Office: +27 (0) 51 4000 878 | **Fax2email**: +27 (0) 86 681 7522 | **Email**: **shepherdm@fdc.co.za**
www.fdc.co.za

From: Michael Kleyn [mailto:MichaelKleyn@flysaa.com]
Sent: 11 December 2015 11:33 AM
To: Shepherd S. Moyo
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Michael Kleyn; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: SAA FUNDING RFP
Importance: High



Dear Sir

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A sample termsheet is also attached, if needed, to structure your response.

We would appreciate it if you could provide the proposal by 12 noon Thursday 24 December 2015. Kindly note the procedure to follow if you have any questions.

Kindly give an indication whether immediate unsecured bridge funding of R1 billion for a period of three months could be offered.

Kind Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
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JP

Nhlakanipho N. Kunene

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Friday, 11 December 2015 09:42
To: Cynthia Stimpel
Cc: Michael Kleyn; Ruth Kibuuka
Subject: RE: Excerpt -R15 Billion Guarantee

Good day team,

FDC CFO is Shepherd Moyo and the land line is 051 4000803 and the email address is Shepherdm@fdc.co.za

Regards

From: Cynthia Stimpel
Sent: 11 December 2015 09:06 AM
To: Phumeza Nhantsi
Cc: Michael Kleyn; Ruth Kibuuka
Subject: RE: Excerpt -R15 Billion Guarantee

Good Morning Phumeza
I trust you are well.
Please may have the contact details for FDC, in order for us to send the RFP and Term Sheet for their completion.
Thanks and regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Cynthia Stimpel
Sent: 10 December 2015 15:48
To: Phumeza Nhantsi
Cc: Michael Kleyn
Subject: FW: Excerpt -R15 Billion Guarantee

Dear Phumeza

We received the clarification from Ruth. Michael will commence with sending the RFP to FDC as well as a Sample Term Sheet.
Could you kindly provide us with the contact details of the relevant person/s from FDC – either a telephone or email address please, in order for us to send them the RFP and the Term Sheet.

Best regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com

IP

Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Ruth Kibuuka
Sent: 10 December 2015 13:09
To: Cynthia Stimpel; PhumezaN@sng.za.com; Dikeledi Raboroko; Lester Peter; Phumeza Nhantsi
Cc: Michael Kleyn; Joseph Makoro; Simphiwe Hlatshwayo; Lindsay Olitzki; Ephraim Lusenga
Subject: RE: Excerpt -R15 Billion Guarantee

Dear Cynthia,

Apologies for the late response, as your email came when I was already in the Board meeting. The Board resolved in such a manner so as to expedite the process, by authorising the Acting CEO and CFO to: *" take the necessary steps to negotiate, conclude, execute and sign, and / or dispatch all documents and notices related to the R14bn proposal ....."*

The Acting CEO and CFO therefore have the mandate to perform all actions necessary to process the funding proposal, following the governance processes required.

Regards

Ruth Kibuuka | Company Secretary

Mobile: +27 083 531 6004 | Phone: +2711-978-6553 | Fax: +2711 978-1055 | E-Mail: RuthKibuuka@flysaa.com
Floor 6,Block A,Airways Park,OR Tambo International- Johannesburg- SOUTH AFRICA

From: Cynthia Stimpel
Sent: 09 December 2015 12:37 PM
To: PhumezaN@sng.za.com; Ruth Kibuuka; Dikeledi Raboroko; Lester Peter; Phumeza Nhantsi
Cc: Michael Kleyn; Joseph Makoro; Simphiwe Hlatshwayo; Lindsay Olitzki; Ephraim Lusenga
Subject: FW: Excerpt -R15 Billion Guarantee

Dear All

Thank you for the Board Decision Record for the RFP Funding Requirement of R15 Bn, which I have sent to the CFST Funding members yesterday.

Please may I seek clarification:
he last Paragraph (c) as per attached:
"(c) approve that the interim CFO and the Acting CEO urgently take the necessary steps to negotiate, conclude, execute and sign, and / or dispatch all documents and notices related to the R14 Billion Loan Offer received from a potential funder, Free State Development Corporation SOC Ltd (FDC), as per the letter circulated at the Board meeting. The Board recognised that as a state owned entity (SOC), the FDC carried less risk for the Airline and in the unlikely event of a default by SAA; another SOC would treat SAA differently than a private lender."

This paragraph is silent on ""Re-open of the RFP Tender and adding FDC" to the list of potential funders, and equally silent on following due process.

Therefore may I recommend that the Board Resolution take into account the following in order for the CFST to follow the proper governance procedures:
The Board recommend that the

1. RFP for Funding be re-opened for a few days;
2. That the CFST add the potential funder – FDC (Free State Development Corporation) to the existing list of funders;

IP

3. That the CFST send the RFP to FDC, and evaluate their proposal against the existing funding proposals; (rather than re-sending out the RFP to everyone again due to time constraints);
4. That the CFST complete final review and evaluation of all proposals.
5. Evaluate the final list of proposals with the 2 observers from the NT office (as per the ministers request on the funding).
6. Follow the governance process by submitting the recommended best potential funding proposal for SAA, to FRSC, EXCO, ARC and Board. This process should be expedited.

Therefore the recommendation is that the Board Resolution would need to be reworded or an addendum be written.

Thanks and regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Dikeledi Raboroko
Sent: 08 December 2015 15:44
To: Cynthia Stimpel
Subject: RE: Excerpt -R15 Billion Guarantee

No. but for your peace of mind. Here is a dated one

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Cynthia Stimpel
Sent: 08 December 2015 03:35 PM
To: Dikeledi Raboroko
Subject: RE: Excerpt -R15 Billion Guarantee

Hi Dike
he Board Resolution is not dated, I notice.

Regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Dikeledi Raboroko
Sent: 08 December 2015 15:23
To: Phumeza Nhantsi; Cynthia Stimpel; Musa Zwane
Cc: Michael Kleyn; Ruth Kibuuka
Subject: Excerpt -R15 Billion Guarantee

IP

Kindly find attached for your attention and necessary action.

Regards
Dike

Dikeledi Raboroko | Personal Assistant to Company Secretary | Company Secretary

Mobile: 0763000063 | Phone: +2711-978-2763 | E-Mail: DikelediRaboroko@flysaa.com
Room S01, Floor 6, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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IP

Nhlakanipho N. Kunene

From: Cynthia Stimpel <CynthiaStimpel@flysaa.com>
Sent: Friday, 11 December 2015 16:35
To: Phumeza Nhantsi
Cc: Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo; Ephraim Lusenga; Michael Kleyn
Subject: RE: SAA FUNDING RFP

Dear Phumeza

Per Michael's email below, the Board has specifically approved FDC. With the EXCO now requesting that we have to add additional counterparties, would mean we will need the Board to approve the additional ones.

However, as per the Borrowing Plan, the DBSA, the IDC and the PIC may not lend funds to SAA due to their respective mandates not permitting such lending.

I hereby confirm that we did send to the PIC in the most recent RFP for Funding, and they did not respond at all.

May I recommend that should there be any additional counterparties, we re-open the RFP, we obtain all the additional counterparties from EXCO and Board, and with the Board's approval, re-start the process.

Regards
Cynthia

Cynthia Stimpel | Manager : Financial Risk Management | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Michael Kleyn
Sent: 11 December 2015 16:00
To: Phumeza Nhantsi; Ephraim Lusenga
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Hello Phumedza

I am afraid that the Board specifically approved the RFP to be sent to FDC.

PIC was included in the September invitation and did not respond at all.

I am not sure what the IDC's stance is on funding SOC's. Strange that the IDC has never been mentioned in any former discussions. Perhaps only Industrial project funding.

Regards

IP

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

---

From: Phumeza Nhantsi
Sent: 11 December 2015 03:44 PM
To: Ephraim Lusenga; Michael Kleyn
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Good day,

Yes we will perform the legal due diligence and I would suggest we give that mandate to Ursula at Legal department.

We had an EXco meeting today and they suggested that we extend the scope of this and not only send the RFP to FDC but also send it to IDC and PIC as well so that we can see where we can get the better rates

I saw that you have already send RFP to FDC and thank you for thank and could you then please send it to PIC and IDC as well

Regards

From: Ephraim Lusenga
Sent: 11 December 2015 03:14 PM
To: Michael Kleyn; Phumeza Nhantsi
Cc: Cynthia Stimpel; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Dear Michael

Are we going to conduct a legal and financial due diligence on FDC?

Ephraim Lusenga | Legal Adviser | Legal

Mobile: 0833818900 | Phone: +2711-978-3955 | E-Mail: EphraimLusenga@flysaa.com
Room 103, Floor 1, Block E, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Shepherd S. Moyo [mailto:shepherdm@fdc.co.za]
Sent: 11 December 2015 02:49 PM
To: Michael Kleyn
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: RE: SAA FUNDING RFP

Well received. We will work in line with stipulated deadline.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
☎ **Office**: +27 (0) 51 4000 878 | **Fax2email**: +27 (0) 86 681 7522 | ✉ **Email**: **shepherdm@fdc.co.za**
www.fdc.co.za

From: Michael Kleyn [mailto:MichaelKleyn@flysaa.com]
Sent: 11 December 2015 11:33 AM
To: Shepherd S. Moyo
Cc: Phumeza Nhantsi; Cynthia Stimpel; Ephraim Lusenga; Joseph Makoro; Lindsay Olitzki; Michael Kleyn; Ruth Kibuuka; Simphiwe Hlatshwayo
Subject: SAA FUNDING RFP
Importance: High

Dear Sir

Following a recommendation by the SAA Board of Directors, we hereby kindly invite a funding proposal from the FDC as per the attached September 2015 RFP.

A sample termsheet is also attached, if needed, to structure your response.

We would appreciate it if you could provide the proposal by 12 noon Thursday 24 December 2015. Kindly note the procedure to follow if you have any questions.

Kindly give an indication whether immediate unsecured bridge funding of R1 billion for a period of three months could be offered.

Kind Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa
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CSB 21

Nhlakanipho N. Kunene

From: Shepherd S. Moyo <shepherdm@fdc.co.za>
Sent: Thursday, 24 December 2015 17:29
To: SAAFundingRFP
Cc: Phumeza Nhantsi
Subject: RFP Funding
Attachments: SAA LOAN TERMSHEET.pdf

Good day

Please find attached our proposed term-sheet for funding as per the RFP.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
Office: +27 (0) 51 4000 878 | **Fax2email:** +27 (0) 86 681 7522 | **Email:** shepherdm@fdc.co.za
www.fdc.co.za

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Nhlakanipho N. Kunene

From:	Shepherd S. Moyo <shepherdm@fdc.co.za>
Sent:	Tuesday, 29 December 2015 09:55
To:	Michael Kleyn; SAAFundingRFP
Cc:	Phumeza Nhantsi
Subject:	RE: RFP Funding

) Although the funding currency is in ZAR, with the reference rate being Libor, is the interest rate of 4% a ZAR or US Dollar rate? It's a ZAR rate and its fixed.
2) If a US Dollar rate, who bears the exchange risk, and there is no exchange rate risk on this transaction
3) Would you be able to provide an example of the URDG 758 guarantee format? I will provide the example of this.
4) Would the FDC be able to provide bridge funding (up to R1bn) against the facility for a period of up to 3 months whilst contract negotiation and conclusion takes place if the contract is awarded to the FDC? We prefer all funding to be backed by government guarantee. Do you have guarantees at the moment? We are open for negotiations on this matter.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
☎**Office**: +27 (0) 51 4000 878 | **Fax2email**: +27 (0) 86 681 7522 | ✉**Email**: shepherdm@fdc.co.za
www.fdc.co.za

From: Michael Kleyn [mailto:MichaelKleyn@flysaa.com]
Sent: 26 December 2015 12:35 PM
To: Shepherd S. Moyo; SAAFundingRFP
Cc: Phumeza Nhantsi
Subject: RE: RFP Funding

Dear Sir

We kindly acknowledge receipt of the proposal.

With the limited time available to conclude our planned funding, and to kick off our evaluation process, would you be so kind to give clarity to the following questions:

1) Although the funding currency is in ZAR, with the reference rate being Libor, is the interest rate of 4% a ZAR or US Dollar rate?
2) If a US Dollar rate, who bears the exchange risk, and
3) Would you be able to provide an example of the URDG 758 guarantee format?
4) Would the FDC be able to provide bridge funding (up to R1bn) against the facility for a period of up to 3 months whilst contract negotiation and conclusion takes place if the contract is awarded to the FDC?

Kind Regards
Michael Kleyn

From: Shepherd S. Moyo [shepherdm@fdc.co.za]
Sent: 24 December 2015 05:28 PM
To: SAAFundingRFP
Cc: Phumeza Nhantsi
Subject: RFP Funding

Good day

Please find attached our proposed term-sheet for funding as per the RFP.

Kind Regards

Shepherd Moyo | Chief Financial Officer | Finance Unit Department | Free State Development Corporation
FDC House, 33 Kellner Cnr Markgraff Street, Westdene, Bloemfontein, 9300
☎**Office**: +27 (0) 51 4000 878 | **Fax2email**: +27 (0) 86 681 7522 | ✉**Email**: shepherdm@fdc.co.za
www.fdc.co.za

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FDC
YOUR PARTNER IN DEVELOPMENT

Term Loan Facility Termsheet

for

Client: South African Airways

DATE: 24 December 2015

COMMISSION OF INQUIRY INTO STATE CAPTURE

1 PARTIES	
Borrower:	South African Airways
Lender	Joint Venture between Free State Development and Grissag AG (PTY) LTD) (JV)
Guarantor	The Government of the Republic of South Africa
2 FACILITY	
Facility Description:	JV will make available R15 billion to SAA subject to terms and conditions agreed by both parties and captured in an agreement.
Facility Amount:	R15 billion
Effective date	The date on which the transaction documents are concluded and become unconditional.
Instrument	Long term loan
Term:	Maximum of ten (10) years
Final Maturity Date:	One Year and One day, from issuance and delivery of acceptable letter of guarantee, in URDG 758 demand guarantee format, duly confirmed as payable at the counters at maturity of a top 15 World bank acceptable to Grissag AG
Funding Currency	South African Rands
Purpose:	Operational, Capital and debt consolidation by SAA
Loan Availability Period:	Not less than twenty one (21) bank business days after JV's relevant specified respective funding institution(s) receipt and use as directed by JV, of each guarantee from SA government, provided however, that the said timing contemplates that each of the guarantee(s) are duly provided according to the discretion and specifications of JV, in its sole, although reasonable, discretion.
Drawdown:	Drawdown schedule(s) will be determined by both parties and incorporated into the agreement. All drawdown will be backed by SA government guarantees, according to a schedule made in the discretion of JV, which discretion shall be by JV reasonably and in good faith exercised.
3 PRICING	
Base Rate:	London Interbank Offered Rate (Libor)

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Interest Rate:	4% Fixed Interest Rate
Reference Rate:	London Interbank Offered Rate (Libor)
Margin:	4% Fixed Interest Rate
Interest Period:	SAA will pay interest for the duration of the Loan
Default Interest:	To be agreed by both parties and incorporated into the agreement
Increases Costs:	None
Other Fees: **(Commitment, Arrangement etc Fees)**	None
4 **REPAYMENT & PREPAYMENT**	
Repayment:	Quarterly repayments and a waiver of capital repayment up to five (5) years.
Voluntary Prepayment	Prepayments are acceptable. Both parties will communicate on this during the term of the loan facility.
Security:	South African Government backed guarantees
5 **REPRESENTATIONS, UNDERTAKING, COVENANTS AND DEFAULTS**	
Representations and Warranties:	Both parties undertake that conditions set will be met by both.
Draw Down Covenants:	
Events of Default:	• The guarantor will take full responsibility to discharge the obligations of the loan outstanding at the time of default.
Undertakings:	• The loan will be 50% backed by South African Government guarantee(s). JV undertakes to make available the funds at 4% fixed interest rate on time. SAA will pay the interest due quarterly on time to the JV.
6 **CONDITIONS PRECEDENT**	
Conditions Precedent:	• Both parties are acting in good faith. The loan will be 100% backed by South African Government guarantee

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7	MISCELLANEOUS
Costs and Expenses:	Each party to bear its own cost for drafting and execution of the agreement.
Transferability:	The lender shall have the right to cede its rights and obligations in terms of the Facility to a Third party without the consent of the Borrower.

THIS TERM SHEET IS INDICATIVE OF THE LIKELY TERMS AND CONDITIONS BUT IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF TERMS AND CONDITIONS THAT WILL BE SET OUT IN THE FINANCE DOCUMENTS.

THIS TERM SHEET DOES NOT REPRESENT A LEGALLY BINDING FINANCING COMMITMENT (IMPLIED OR OTHERWISE) AND REMAINS SUBJECT TO, INTER ALIA, INTERNAL CREDIT APPROVAL, EXECUTION OF THE FINAL APPROVED CONTRACTUAL AGREEMENTS AND SATISFACTORY FINANCE DOCUMENTS BEING NEGOTIATED ON TERMS ACCEPTABLE TO LENDER.

FINANCE DOCUMENTS SHALL SUPERSEDE THE TERMS AND CONDITIONS INCLUDED IN THIS TERM SHEET AND IN CASE OF CONTRADICTION, PROVISIONS OF THE FINANCE DOCUMENTS SHALL PREVAIL.

By our signature we hereby accept in principle the terms of this Term Sheet.

Signatory:
Date:

Signatory:
Date:

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JP

COMMISSION OF INQUIRY
INTO STATE CAPTURE

Nhlakanipho N. Kunene

From:	Michael Kleyn <MichaelKleyn@flysaa.com>
Sent:	Tuesday, 05 January 2016 12:03
To:	Shepherd S. Moyo
Cc:	SAAFundingRFP
Subject:	FW: Due Diligence Checklist and Draft Guarantee
Attachments:	DUE DILIGENCE CHECKLIST - FDC AND GRISSAG.docx; Draft SAA Government Guarantee (FDC and GRISSAG).docx

Dear Shepherd

Best wishes for 2016.

As discussed, we attach our Due Diligence questionnaire and draft Government Guarantee which is in a format recently issued to funders of SAA debt by the Government.

f necessay we could also provide a draft loan agreement.

Best Regards

Michael Kleyn | Manager International Cash Management | Group Treasury

Mobile: +2711 083-701-2712 | Phone: +2711-978-2602 | Fax: +2711-978-1201 | E-Mail: MichaelKleyn@flysaa.com
Room 420, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- South Africa

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FREE STATE DEVELOPMENT CORPORATION AND GRISSAG AG (PTY) LTD JOINT VENTURE ("Joint Venture") Due Diligence Questionnaire

- A limited due diligence must be conducted by South African Airways SOC Limited (SAA) into the business affairs of the Joint Venture, its ability to provide the proposed funding and the source of funding to be loaned by the Joint Venture to SAA.
- The following information and documents is required to commence with the Due Diligence exercise.
- If a "**copy**" of any item is requested, and that item is not in writing (for example, a verbal agreement), a detailed description of that item must be provided.
- To the extent that no information or documentation is available, or a question is not applicable, please indicate as much next to the relevant item on the checklist below. If no response is provided in relation to any item, we will assume that there is no information or documentation available in respect of such item.

LIMITED LEGAL DUE DILIGENCE CHECKLIST		RESPONSE
1	**THE JOINT VENTURE**	
1.1	A diagram showing -	
1.1.1	the legal structure of the Joint Venture;	
1.1.2	the major business activities of each entity within the Joint Venture.	
1.2	A copy of each company's memorandum of incorporation (or memorandum and articles of association) together with copies of all resolutions authorising the proposed transaction.	
1.3	Copy of the Joint Venture Agreement.	
1.4	Register of interests in contracts of directors and officers.	
2	**LEGISLATIVE AND REGULATORY REQUIREMENTS**	
2.1.1	Is the Joint Venture or any of its Partners registered with the Financial Services Board? And if so can we be provided with its FSP number and a copy of the registration certificate?.	
2.1.2	Details on whether the Joint Venture conducts business which constitutes a feature of the business of an FSP on a regular basis or is this a once off transaction?	
2.1.3	Is the Joint Venture a registered bank in terms of the Banks Act 94 of 1990?	
2.1.4	Is the Joint Venture, any of its Partners or any entity related to it, registered by the American Office of Foreign Assets Control (or any other analogous organisation) in a Specially Designated Nationals List naming prohibited persons with whom dealings should be circumscribed?	
2.1.5	Is the Joint Venture or any entity related to it, currently being or previously been investigated for terrorism or terrorism related activities and/or money laundering and/or money laundering related activities, by any authority competent to undertake such an investigation?	
2.1.6	Details of any investigations or proceedings by the competition or any other authorities.	

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LIMITED LEGAL DUE DILIGENCE CHECKLIST		RESPONSE
2.1.7	Who will perform FICA verification on the Joint Venture Partners and the source of Funds to loaned to SAA?	
2.1.8	Are there any Foreign Exchange Control implications on the Funds?	
2.1.9	Would a custody account be opened for the Funds?	
3	**INSURANCE**	
3.1	Names and contact details of the Joint Venture's insurance broker and insurers.	
4	**DEFINITIONS**	
	In this due diligence checklist -	
4.1	"**authority**" means any governmental or other body, whether known as a department, agency, commission, authority, service, regulator or otherwise, which exercises or is able to exercise any kind of authority, whether legally binding or merely in the form of directives or requests, in any country, over the company or any matter affecting the company;	
4.2	"**Joint Venture**" means the joint venture partners and their subsidiary companies (if any);	
4.3	"**including**" means "including, but not limited to";	
4.4	"**permit**" means any approval, permit, consent, license, authorization, registration, certificate, declaration, waiver or similar permission;	
4.5	"**proposed transaction**" means the loan transaction contemplated between South African Airways SOC Ltd and the Joint Venture .	

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INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

Notes from Funding CFST Meeting (06 January 2016)

Venue: 4th floor, Block A, Treasury Boardroom, SAA Airways Park, Kempton Park

Time: 11h00 to 12h00

Attendance:

SAA: Cynthia Stimpel (CS); Joseph Makoro (JM); Michael Kleyn (MK); Ephraim Lusenga (EL) and Simphiwe Hlatshwayo (SH).

NT: Avril Halstead (AH); Higgo DuToit (HT) - as Observers

Apologies: Lindsay Olitzki(LO)

The CFST met to discuss developments that have taken place since the last meeting and to review the FDC proposal.

There were 2 observers from National Treasury (AH and HT).

The CFST discussed FDC and Grissag proposal, there were policy issues that would need to be addressed

- FDC does not have a mandate to fund SAA, their mandate is to operate within the Free state Province/
- For them to get the mandate, they will need approval- section51 (establish the company), section54 (Selling of assets in Joint venture (JV))
- They would need to comply with all prescripts of the before proceeding

It was noted that the same source which proposed to fund Seacrest (Grissag) is the same source in the FDC/ Grissag JV. It was noted from a commercial view the deal is much better than the Seacrest deal, as the terms were similar but the FDC the is much lower.

There would be regularity challenges which would need to approved, these will all depend on how the deal is structured.

There would need to be regularity compliance before SAA can conclude the deal.

A point was raised with regards to creating a suspensive condition (pending regularity approval), to allow the deal to go through and receive the cash, but members expressed challenges' that were faced with the Seacrest deal and this option was discarded as it would put SAA in an unfavourable position should the deal not go through.

Points from the FDC term sheet

- The sheet had some conflicting info – stating 50% backed by Government Guarantees and 100% backed by Government Guarantees. MK had emailed FDC to get clarify on this issue and FDC stated the loan to be 50% Government backed.

- The reference rate indicated "Libor rate" – as the Base rate and the reference rate. MK also emailed FDC to get clarify regarding the "currency exposure" and also the repayment in ZAR. They stated no currency exposure to SAA, and loan will be in South African rands (ZAR).

- The Term sheet stated under Final Maturity Date – "One Year and One day, from issuance and delivery of acceptable letter of guarantee, in URDG 758 demand guarantee format, duly confirmed as payable at the counters at maturity of a top 15 Wolf Bank acceptable to Grissag AG". MK will seek clarification of this.

The following Solutions were decided:

- Continue with FDC pending approval on regularity issues
- MK, CS and Phumeza to request a meeting or conference call with FDC. Also whether FDC could provide bridge funding, EL to commence with the Due Diligence process and proof of funds. MK to seek clarification of issues highlighted above.
- Proceed with obtaining bridging finance with the R2.0 Billion Government Guarantees available with Standard Chartered, and ABSA as they had responded to the RFP

A discussion was held on whether SAA should continue to pursue the "Consolidation of Debt"and what the benefits would be and should the FDC or the Seacrest options fail, what should we do then. The CFST concurred then that failing the "consolidation" proposal – then SAA continues as in the past – dealing with each loan as it matures – by rolling it over but longer term rather than 1 year.

CFST Member: _____								
CRITICAL CRITERIA: Non Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**Seacrest Investments**	**FDC/Grissag AG**	**Kinfedi**	**Innovex**	**Hamershlag**	**Stanchart**	**ABSA**	**NEDBANK**
❒ **Tenure** – The proposed funding must be for a period of **5 years and more**.	Y	Y	Y	Y	Y	Y	Y	Y
❒ **Funding Instrument** No commercial paper or bond issuances would be considered under this RFP.	Y	Y	***N***	Y	***N***	Y	Y	Y
❒ **Currency of the funding** The specified currency must be in ZAR.	Y	Y	Y	***N***	Y	Y	Y	Y
Phase 2 - FUNCTIONAL CRITERIA AND PRICING			**Didn't meet criteria**	**Didn't meet criteria**	**Didn't meet criteria**			
Service attributes								
❒ **Default Interest (above the all in price)**	**2.00**	**TBC**	TBC	TBC	TBC	4.00	2.00	2.00
❒ **Default Clauses**	**Standard**	**Standard**	TBC	TBC	Standard	Standard	Standard	Standard
❒ **Reference Rate**	**Fixed**	**Fixed**	TBC	Fixed USD	3 month JIBAR	3 month JIBAR	3 month JIBAR	3 month JIBAR
Pricing								
❒ **Amount offered.**	**R15bn**	**R15bn**	R21bn	$1.62bn	R15bn	***R1.5bn***	***R1.3bn***	***R1.5bn***
❒ **Base Rate (Reference Rate) (% p.a.)**	**5.80**	**4.00**	6.50	2.50	6.50	6.50	6.50	6.50
❒ **Margin**	**-**	**-**	-	-	TBC	2.35	2.05	1.90
❒ **Arrangement Fees or Commissions (%)**	-	-	5.00	-	2.00	-	-	-
❒ **Up Front Fees (Advisory,underwriting,etc.)**	-	-	R5 000 000	-	5.25	-	-	0.23
❒ **Cost of Security (Government Guarantee)**	**0.30**	**0.30**	0.30	0.30	0.30	0.30	0.30	0.30
❒ **Cost of Cover (Hedging p.a.)**	-	-	-	6.6082	-	-	-	-
Total Cost in ZAR per annum (based on a loan of R15bn)	**R740 mil**	**R490 mil**	R1 730 mil	R1 366 mil	R2 062 mil	R133 mil	R111 mil	R129 mil

COMMISSION FOR GENDER EQUALITY

COMMISSION OF INQUIRY
INTO STATE CAPTURE

Nkosana N. Sifumba

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Wednesday, 13 January 2016 11:42
To: Ruth Kibuuka; Mabana Makhakhe
Subject: Submissions for Sat urgent board meeting
Attachments: Motivation for a Transaction Advisor.doc

Good day team

Please find my submission to the board for the urgent board meeting.

I will forward some documents during the course of business today or Friday

Regards

Phumeza Nhantsi | Interim Chief Financial Officer | Finance

Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com
6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

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SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	**Board of Directors**
From:	Interim CFO
Date:	15 January 2016

MOTIVATION FOR APPOINTMENT OF A TRANSACTION ADVISOR

1 PURPOSE

To request Board to approve the appointment of a Transaction Advisor ("TA") regarding the R15bn Consolidation Debt restructuring exercise.

2 MOTIVATION

SAA requires the service of a TA and below is the value that we will receive as a business from using TA:

2.1 TA will analyse all the loan agreements that are currently at SAA's disposal;

2.2 TA will determine which of the total funding of R14bn is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial turnaround strategy;

2.3 Will advise SAA on how to restructure its balance sheet through the settlement of inefficient loans;

2.4 Will advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and

IP

2.5 Will analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is U$D denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be U$D denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

3 RECOMMENDATION

3.1 That the Board approves the request for appointment of a Transaction Advisor regarding the R15bn Consolidation Debt restructuring exercise.

Compiled by:

_____ _____

Phumeza Nhantsi
Interim CFO

Date

Recommended by:

_____ _____

Musa Zwane
Acting CEO

Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS

MINUTES OF THE SPECIAL MEETING NO 2016/01 OF THE SAA SOC LTD BOARD OF DIRECTORS HELD ON SATURDAY, 16 JANUARY 2016 AT THE PROTEA HOTEL, O.R. TAMBO INTERNATIONAL AIRPORT, KEMPTON PARK AT 09H00

Resolution No / For Attention

Present

Ms D Myeni	Non-Executive Director (Chairperson) (via telecom)
Dr J Tambi	Non-Executive Director
Ms Y Kwinana	Non-Executive Director

In attendance

Mr. M Zwane	Acting Group Chief Executive Officer (ACEO)
Ms. P Nhantsi	Interim Chief Financial Officer (ICFO)
Ms R Kibuuka	Company Secretary (Co Sec)
Ms. M Makhakhe	Deputy Company Secretary

1. OPENING, WELCOME, EVACUATION PROCEDURE, CONSTITUTION OF THE MEETING AND SIGNING OF ATTENDANCE REGISTER

The Chairperson welcomed all present, and highlighted that she believed the meeting was scheduled to commence at 12H00 and had therefore booked a later flight. It was agreed that she would join the meeting via telecom and Ms. Kwinana was requested to chair the proceedings.

The meeting was declared open.

It was reported that the acting GM: Commercial was available to present the African Growth Strategy to the Chairperson as she was not able to attend the meeting where the task team charged with the development of the Strategy presented to the Board. It was agreed that an arrangement would be made for the team to meet with the Chairperson on another date.

2. ADOPTION OF AGENDA

The agenda was adopted without any amendments.

3. DECLARATION OF INTEREST

All members declared that they had no personal interest in any of the matters tabled for discussion except item 4.12 relating to Board travel benefits.

Resolution No / For Attention

4. MATTERS FOR CONSIDERATION

4.1 Ernst & Young (E&Y) Forensic Report

The Board considered a proposal to adopt the E&Y Report. It was noted that Ms. Kwinana and Dr Tambi only had the initial draft report but had not received the final report. The Chairperson of the Board reported that annexures to the report had been released dealing with amongst others, the AAR Memorandum of Understanding (MoU). She informed the Board that the report on AAR was inconclusive as it alleged that the SAA Technical Procurement Manager did not cooperate with the investigators.

Members deliberated on the matter and highlighted that:

(a) The E&Y report could not be adopted because not all the Members had received the final report;

(b) The final report received by the Chairperson seemed to be a highly sanitised version compared to the initial draft report received from the investigators. On enquiry, the Chairperson reported that she was informed by the investigators that before the final report was released it was submitted to senior managers at E&Y who excluded sensitive issues. The Board observed that this was irregular as it was the prerogative of the Board to decide what to do with sensitive information discovered through the investigation;

(c) It would reflect negatively on the Organisation should the report be released stating that management refused to cooperate with investigators. Moreover, the ACEO perceived the statement to be inaccurate as an escalation process had been agreed between the investigators and SAA Management whereby the ACEO was to be informed should there be no cooperation from staff, however no verbal or written complaint had been received from E&Y;

(d) It was imperative that there was a conclusive report on the AAR matter.

It was therefore **RESOLVED that:**

2016/01/01
ACEO
Co Sec

(1) The adoption of the E&Y report should be deferred until E&Y had presented both the draft and final investigation report to the Board.

(2) A date should be scheduled for E&Y to present their findings to the Board and Mr. Linnell as legal advisor to the Board should be invited.

4.2 Progress on the Appointment of the CEO

It was noted that the Chairperson of the Board had received a letter from former Finance, Minister Nene stating that in line with the Minister of Finance's practice, the Minister would be interviewing the short-listed candidates for the SAA CEO position. Members observed that, by implication, this meant that the appointment of the CEO would be delayed.

The Chairperson reported that her meeting with Minister Pravin Gordan on 14

Resolution No / For Attention

January 2016 was very short and she did not get an opportunity to table the matter regarding the appointment of the CEO.

Members highlighted that it was important to touch base with the short-listed candidates to give them some feedback on where the process was. It was further highlighted that the term of the acting CEO needed to be extended.

The ACEO was recused.

It was **RESOLVED that** the Chairperson should write a letter to the new Minister requesting feedback on the appointment of the CEO. The letter should state when the recruitment process was finalised by the Board and list the shortlisted candidates. **2016/01/02 Co Sec**

The Company Secretary read out the letter of appointment of the ACEO and it was confirmed that the acting CEO had been appointed until further notice. Therefore, there was no need for extension of the contract.

Members agreed that it was concerning for a struggling organisation like SAA to operate without a permanent CEO and CFO. It was concluded that the ACEO should advertise the position of CFO with immediate effect. **ACEO**

4.3 **Supply Chain Management (SCM) Policy**

The ICFO tabled the draft SCM Policy and the Board **RESOLVED that** the SCM Policy be and is hereby approved with the suggested amendments, recognising that any further changes would be submitted to the Board for approval and subject to: **2016/01/03 ICFO**

(a) Codifying and clearly defining the process to be followed to effect the 30% set aside for Black Economic Empowerment (BEE) Small, Medium and Micro Enterprises (SMMEs);
(b) Clearly defining the role of the CFO in the supply chain management process;
(c) Providing for exceptional circumstances where the Board was allowed to deviate from normal process where there were sensitive and urgent matters that needed to be addressed; and
(d) Including punitive measures or interventions where business failed to meet targets for preferential procurement.

4.4 **Transformation Policy**

It was **RESOLVED that** the Transformation Policy be and is hereby approved by the Board. **2016/01/04**

4.5 **Whistle-Blower Policy**

The Chairperson of the Board reported that judging by the high number of

Resolution No / For Attention

anonymous reports she received, it was evident that staff did not trust the SAA anonymous reporting channels. She stated that she did not have the capacity to attend to the reports; therefore Management was requested to consider implementing a process which staff would find credible.

Secondly, the Board recommended that the current Whistle-Blower Policy should be revised to amend the provision that stated that the Chief Audit Executive (CAE) together with the HOD: Group Security Services (GSS) could investigate allegations against the CEO and the Board. It was stated that investigations against the Board could only be instituted by the Minister and the Board would institute investigations against the CEO.

It was **RESOLVED that:**

- The Whistle-Blower Policy should be reviewed to address the investigation of allegations against the CEO and the Board; **2016/01/05 ACEO (CAE)**
- Management should benchmark against private companies and state owned companies to determine how to effectively revise the Policy and implement an effective reporting mechanism trusted by staff;
- Management should explore cost efficient ways of engaging independent service providers; and
- A revised whistle-blowing Policy and process should then be submitted to the Board for approval through the Audit and Risk Committee.
- Once the review of the whistle-blowing policy was finalised, Management should review and align the disciplinary codes and policies. **ACEO (GM: HR)**

4.6 **Update on the Procurement/ Transformation Spend**

The Board noted the general B-BBEE spend report for the 3rd Quarter (October – December) and the ICFO reported that the Procurement department had started looking for easily accessible procurement opportunities for Black owned companies. In addition, there was a review of services provided outside the country to assess which of these could be procured locally.

Members noted the report and requested the ICFO to work on a supplier development programme to be presented at the next meeting of the Board. **ICFO**

4.6.1 **Approval of the Issuing of a Request for Information (RFI) for the Supply and Delivery of Jet A-1 Fuel at ORTIA**

The ICFO reported that the Procurement Department raised a concern around the fairness of the process used to select the group of emerging fuel suppliers to participate in the 15% set aside for fuel supply. It was therefore decided that a RFI should be issued to invite any interested parties to participate.

Resolution No / For Attention

Whilst the Board appreciated the concerns of Management, Members expressed great dissatisfaction at the slow pace with which the resolution to introduce emerging fuel suppliers was being implemented.

It was **RESOLVED that** the Board hereby approves:

(a) The issuing of a RFI for the supply and delivery of Jet A-1 Fuel at ORTIA; **ACEO/CPO 2016/01/06**

(b) The evaluation criteria of the RFI for the supply and delivery of Jet A-1 fuel at ORTIA; and

(c) Engagement of the current jet fuel majors regarding the proposed business model pertaining to the 15% jet fuel volume space that they had agreed to make available to promote SAA's transformation goals,

subject to a review of the proposed timelines with a view of shortening the award process.

4.7 **Action Items from the Africa Strategy Meeting with the Board held on 15 December 2015**

A. **Mango to join the Star Alliance network**

The ACEO reported that he had received a draft letter to be issued to Star Alliance from SAA.

It was concluded that:

(i) The ACEO would send the draft letter to all Board Members before close of business on the 16th January 2016;

(ii) Where after, the Chairperson would sign the letter and send it to Star Alliance by Wednesday, 20 January 2016 after she had discussed the matter with the Chairperson of Mango Airlines. **ACEO CO Sec/ Chairperson**

It was further agreed that the Chairperson of the Board should share with the Mango Chairperson, the minutes of the Board meeting outlining the alleged transgressions against the Mango CEO and the resolutions of the SAA Board in that regard. It was stated that the Mango Chairperson should formally indicate receipt of the report by signing acknowledgement of receipt.

B. **Alleged Irregularities within the Commercial Department**

- Members requested Mr. Louis Du Plessis to give an explanation of why he failed to inform SAA about Mango's intention to join the Star Alliance connected partners model. **ACEO (AGM: Commercial)**
- It was reported that the acting GM: Commercial had requested justification from the Fort Lauderdale office for employing in excess of 40 employees who were all situated in an area where SAA did not fly; **ACEO (AGM: Commercial)**

	Resolution No / For Attention
It was noted that there were 3 sales directors stationed in New York, Washington and Chicago respectively and it was not clear what their job descriptions were. The Board instructed that the acting GM: Commercial should request all 3 sales directors to provide their job descriptions.	AGM: Commercial
The Board concluded that:	
(i) The ACEO should provide a comprehensive report on the issues concerning the USA office at the next Board meeting;	ACEO
(ii) A skills audit report covering SAA and its outstations should be conducted and submitted to the Board;	ACEO (GM: HR)
(iii) A report with exact staff numbers at SAA and per station should be submitted to the Board.	ACEO (GM: HR)
(iv) The ACEO was hereby authorised to engage a service provider to assist in compiling the required reports mentioned in item ii and iii above, should he be unable to source same from SAA HR.	ACEO

C. **Withdraw from the Johannesburg – Sao Paulo Route**

The ACEO reported that there was no competency internally to determine whether allegations that there was possible sabotage in SAA's withdrawal from the Johannesburg – Sao Paulo route were valid. Therefore he requested authorisation from the Board to engage a suitably qualified service provider to establish the veracity of the allegations. In the meantime, it was reported that SAA would reinstate the cancelled frequencies.

The Board reiterated its resolution for Management to take swift action against all the employees involved in the alleged irregularities within the Commercial department. **ACEO (AGM: Commercial)**

D. **Etihad Code Share Agreement**

It was stated that the ACEO should send out a notice of cancellation of the Etihad code share agreement with SAA by Wednesday, 20 January 2016. **ACEO**

The Board requested Management to submit a list of all code share agreements at the next Board meeting. **(ACEO)AGM: Commercial**

E. **2016-2019 Draft Corporate Plan**

The ACEO reported that National Treasury had raised comments covering 10 pages on the draft Corporate Plan submitted by SAA and Management would incorporate the input before submitting the revised Corporate Plan to the Board for approval. The Board guided that the GM: LRC should review the Shareholder's comments to guard against encroachment on Board and Management powers. **ACEO (GM: LRC)**

		Resolution No / For Attention
	The Board **RESOLVED that** a statement should be included in the Corporate Plan exonerating the Board from liability for the Company's financial performance as key financial decisions were made by the Shareholder including the financing of the A320/A330 swap transaction.	**2016/01/07 ACEO (ACSO)**
4.8	**Conditions of Employment of Employees at General Manager Level – Permanent *vs* Fixed Term Contracts**	
	The ACEO reported that all general managers and subsidiary CEOs were employed on fixed term contracts except the GM: Operations and GM: Human Resources.	
	It was concluded that a legal opinion should be obtained to ascertain how they could be legally migrated from permanent employment to fixed term contracts.	**ACEO (GM: LRC)**
4.9	**Annual Financial Statements Update**	
	It was noted that both SAA and National Treasury learnt from the media that the Chairperson of the Standing Committee on Finance (SCOF) had extended the tabling of SAA's Annual Financial Statements (AFS) in Parliament by a month.	
	The Chairperson of the Board reported that the Minister had requested her not to write a letter to Parliament requesting an extension for the tabling of SAA's AFS on the Going Concern application because it was anticipated that National Treasury would respond to SAA by, Friday 15 January 2016.	
	It was **concluded that** SAA should write a letter to the Minister requesting clarification on the extension of the tabling of SAA's AFS in Parliament and also confirming the verbal discussions between the Chairperson and the Minister. It was agreed that the Moneyweb article which quoted the Chairperson of SCOF should be attached to the letter.	**Co Sec**
4.10	**Liquidity and Cash Position Report**	
	The ICFO presented the cash and liquidity position report. She reported that in the past the report was circulated to the entire Exco, the Board and National Treasury, but following the leakage of the report to the media, the report would only be circulated to the ACEO, the Board and the Chief Director: Asset and Liability Management at National Treasury and only presented to Exco without being circulated.	
	The ACEO reported that the South African Airways Pilots Association (SAAPA) had requested the cash position report. The Board concluded that a letter should be sent to the SAAPA Chairperson reminding him that the appointment of Board Members and their performance was beyond the mandate of SAAPA and was not	**ACEO**

Resolution No / For Attention

an issue within the purview of the Bargaining Agreement. It was requested that the letter to the SAAPA Chairperson should be sent to him on Monday, 18 January and the Board should be copied in its transmission.

The ICFO informed the Board that she had engaged City Bank regarding their decision to withdraw the R250 million bridging finance facility issued to SAA and the local office of the Bank indicated that they had been pressured by the head office in London which was concerned by the perceived leadership instability at SAA. The local office of the Bank indicated that the leaked legal opinion stating that the Airline could be trading under insolvent circumstances had been the trigger for the cancellation of the loan. It was reported that City Bank had proposed that the loan be reissued to SAA but converted into a long-term loan which would be backed by a Government guarantee.

The ICFO reported that the suggestion by City Bank was not acceptable and the Airline had approached Standard Chartered Bank and Absa Bank which had both expressed interest. It was reported that SAA would also be moving its funds from City Bank's off-shore accounts to Standards Chartered Bank.

The Board noted the cash and liquidity report as well as the feedback on the debt consolidation request for proposals.

4.11 **Appointment of the Transactional Advisers for Funding Options**

It was **RESOLVED that** the Board hereby approves the request for appointment of a transactional advisor to advise regarding the R15bn debt consolidation restructuring exercise. **ACEO 2016/01/08**

4.12 **Board Travel Benefits**

It was concluded that the Board hereby mandates the Chairperson of the Board to approach the Minister to request him to reinstate the travel benefits for the Board as it was industry practice and had no negative financial impact on the Airline. **Board Chair**

5. **IN-COMMITTEE SESSION**

5.1 **Update on Pending Investigations**

5.1.1 *GM: Commercial*

The ACEO reported that notice had been served to the GM: Commercial's lawyers for him to appear for his disciplinary hearing on Wednesday, 13th January 2016 but the GM: Commercial had reported sick and therefore the hearing did not take place.

The ACEO was requested to ascertain whether health problems had any bearing **ACEO**

Resolution No / For Attention

on the 10 day notice period.

5.1.2 **Mango Investigation**

The Chairperson of the Board undertook to circulate the interim report on the investigation against the Mango CEO to other Board Members. **Board Chair**

The Board discussed the preliminary findings against the Mango CEO as contained in the report at length and **RESOLVED that** the Mango CEO should be suspended for vicarious liability in connection with the actions of the GM: Commercial and the role which he personally played according to the report as well as acting without the requisite Shareholder approval before joining Star Alliance. **ACEO 2016/01/09**

6. GENERAL

The Board requested the AGM: Commercial to revalidate the DUR-CPT route business case and to re-asses the profitability of all other routes jointly flown by SAA and Mango. **ACEO (AGM: Commercial)**

7. CLOSURE

There being no further items tabled, the meeting was declared closed.

CHAIRPERSON
Date: 10/02/2016

COMPANY SECRETARY
Date 10/02/2016

IP

CASS-342
CSB26

Closing Time: 11h00

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

South African Airways (SOC) Ltd
(Reg. No 1997/022444/07)
OR Tambo International Airport
Republic of South Africa
Hereinafter referred to as ("SAA")

REQUEST FOR INFORMATION (RFI)

Reference: RFI-GSM010/16 – Request for information on Transaction Advisory Services.

SAA hereby extends an invitation to interested organisations and/or individuals to provide information on transaction advisory services on options to augment funding proposals to grow its business and deliver sustainable profitability and shareholder value in line with the Long Term Turnaround strategy.

Documents will be available for downloading from 08 February 2016 and can be accessed using the following link:

http://www.flysaa.com/za/en/footerlinks/aboutUs/saa-tenders.html

Should you encounter any technical difficulties please contact Mandy Coetser at e-mail address: **MandyCoetser@flysaa.com**.

Interested parties are encouraged to send their questions and clarifications related to the RFI documents in writing to **SilasMatsaudza@flysaa.com**. All queries and clarification requests have to be submitted before 12h00, 12 February 2016.

Responses must be **DEPOSITED IN THE TENDER BOX SITUATED AT, SOUTH AFRICAN AIRWAYS, AIRWAYS PARK, JONES RD, KEMPTON PARK or emailed to Tenders@flysaa.com**.

The submission deadline is **Tuesday, 16 February 2016 at 11h00am, South African time (GMT+2)**

No late submissions will be considered.

IP

CASS-344
CSB27

Tender No.: GSM021/16

Tender Name: Appointment of a Transaction Advisor for SAA F[illegible]g	
Commodity Manager: Silas Matsaudza	
Tender Start Date: 29 February 2016	
Tender End Date: 30 April 2016	
Value of Contract: TBA	
Value of Budget: To be financed by the CFO's cost centre	
Value of Cost Saving: N/A	
B-BBEE Level: (e.g. 2): N/A	
Business Unit: Finance	

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

A — BAC Submission Checklist

	Key evidence of submission compliance:	*Complete: Yes (✓) / No (✗)*	*Evidence attached: Yes (✓) / No (✗)*	*Comments (incl. if no evidence is provided)*
A1	Purpose - a clear description of the purpose of the submission to the BAC and the approvals required	YES ☐	☐	
A2	Confirmation of a signed Business Case and/or confirmation of approved funding, including evidence of demand for the goods/service procured (the detailed Business Case as approved by the Business unit and approved in line with the Delegation of Authority to be attached as an Annexure)	YES ☐	☐	
A3	Details of the tender, number of bidders and acceptance of bids based on the critical criteria. (Tender documentation to be attached as an Annexure)	NO ☐	☐	
A4	Bid evaluation - evaluation criteria, evaluation outcomes and process followed, including due diligence conducted on the potential suppliers (detailed evaluation sheets to be attached as Annexures)	NO ☐	☐	
A5	Financial due diligence	NO ☐	☐	
A6	Bid award recommendation	NO ☐	☐	
A7	Financial impact assessment	NO ☐	☐	
A8	Assessment of fair value	NO ☐	☐	
A9	Risk assessment	NO ☐	☐	
A10	Contracting terms and conditions	NO ☐	☐	
A11	Final recommendation	NO ☐	☐	
A12	All required signatures received	YES ☐	☐	

Comments:

This checklist must not be seen by business and procurement as the only document they need to consider to the exclusion of the actual Supply Chain Manual, the DOA, PFMA and applicable policies and legislation etc.

All tenders that involve IPP considerations must make specific reference to this in the financial considerations of the tender.

I certify that the SAA BAC submission requirements has been met

Commodity Manager/Sourcing Specialist	**Manager: Operational Compliance**
Signature and Date: [signature] 03-03-2016	Signature and Date:

BAC Checklist
GSM-SS-008
Version 1, April 2013

CASS-345

Annexure A: Response Format

Bidder's experience and the proposed project team

The Bidder must complete the tables below and set out the information in response to the requirements stated in the evaluation criteria of this RFP. If the Bidder requires more space than is provided below it must prepare a document in the same format setting out all the information referred to below

Table (b) – Qualifications and experience of the transaction advisor/team			
Name	**Qualifications**	**Relevant experience**	
		Similar projects worked on and the client details	**Years of experience**

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-346

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

BID ADJUDICATION COMMITTEE (BAC)

DECISION RECORD

Date: 04 March 2016

Title of Proposal: Request for BAC support of the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to source and evaluate funding options for SAA

Project Owner: Phumeza Nhantsi

Procurement Representative: Silas Matsaudza

Project Description/Purpose: To request BAC support of the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to source and evaluate funding options for SAA.

Decision Required: BAC support of the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to source and evaluate funding options for SAA.

Committee Resolution:

Approved ☐

Recommended CEO/EXCO/AUDIT/PTPC for Recommendation to Board ☐

Deferred Back for Rework ☐

Declined ☐

Noted ☐

Conditions/Follow-up Actions:

-
-
-
-
-

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

BAC SUBMISSION

To:	Bid Adjudication Council (BAC)
From:	Global Supply Management (GSM)
Date:	04 March 2016

REQUEST BAC SUPPORT OF THE EVALUATION CRITERIA AND WEIGHTINGS TO BE UTILISED FOR THE APPOINTMENT OF A TRANSACTION ADVISOR TO SOURCE AND EVALUATE FUNDING OPTIONS FOR SAA

PURPOSE

To request BAC support of the evaluation criteria and weightings to be utilised for the appointment of a transaction advisor to source and evaluate funding options for SAA.

BACKGROUND

South African Airways SOC Ltd ("SAA") issued a Request for Proposal (RFP) for long debt funding to meet all its working and capital expenditure requirements as well as to consolidate its current debt portfolio.

SAA is exploring options to augment the funding proposals that were submitted in response to the RFP in order to grow its business and deliver sustainable profitability and shareholder value in line with the Long Term Turnaround Strategy. A preliminary analysis has been undertaken and a Transaction Advisor is required. The Transaction Advisor will be required to develop a methodology that includes the best criteria to be used for the evaluation of funding proposals and options available to SAA.

MOTIVATION

The Transaction Advisor will be required to demonstrate how it will source funding for SAA, develop an analysis that takes into account likely financial and commercial outcomes of the options in order to arrive at a preferred option with the optimal outcomes in terms of commercial impact. The bidder that proposes the best option in terms of likely financial and commercial outcomes will be appointed. The exercise will assist SAA to make an informed decision on the funding option to adopt in order to grow its business and deliver sustainable profitability and shareholder value.

It is against this background that the BAC is requested to support the evaluation criteria and weightings below.

EVALUATION CRITERIA

The Bid Specification Committee (BSC) members listed below supported the proposed evaluation criteria.

Name & Surname	Designation	Division	Signatures
Silas Matsaudza	Commodity Manager	GSM	
Themba Sikhosana	Legal Advisor	Legal	
Gordon Khumalo	Manager: Bank & Cash Accounting	Finance	
Faizal Peer	Financial Controller: Shared Services	Finance	

The following criteria will apply for the evaluation of the proposals.

PHASE 1 – CRITICAL CRITERIA

CRITICAL CRITERIA: None Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**COMPLY** YES	NO
☐ **Financial Services Board Licence:** The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.	☐	☐
PHASE 2		
FUNCTIONAL CRITERIA	**100%**	
☐ **Demonstrable Experience:** The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to **Annexure A, table (a)** of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery. **Note**: The following scoring matrix will be used to evaluate this criterion: • Three (3) projects supported by testimonials on the client's letterhead confirming satisfactory execution of the projects cited **(30 points).** • Two (2) projects supported by testimonials on the client's letterhead confirming satisfactory execution of the projects cited **(20 points).** • One (1) project supported by a testimonial on the client's letterhead confirming satisfactory execution of the project cited **(10 points).**	30%	

☐ **Proposed Methodology:** The bidding entity must demonstrate how, in a time and cost effective manner, it will source funding and develop options analysis that takes into account likely financial and commercial outcomes of the options to arrive at a preferred option with the optimal outcomes in terms of commercial impact. The proposed criteria to be used for the evaluation of funding proposals and options must be explained in detail. **Note:** The following three (3) point scale will be used to score the bidder's submission on the above elements: • 0 - Do not meet expectations • 2 - Partially meet expectations • 4 - Meets expectations	
☐ **Experience, Skills and Qualifications of the Team/Individual:** The proposed team/individual must have relevant skills, qualifications and experience, and must have played key roles in **at least three similar projects** (*provision of financial advisory services).* Please refer to **Annexure A, table (b)** of this document for the format in which the required information must be provided. Detailed Curriculum Vitae of the proposed transactions advisor/team must clearly highlight the areas of experience *(including but not limited to those cited in **Annexure A, table (b)**)* and competence relevant to the tasks and objectives of the project as outlined in the scope of work. **Note:** The following scoring matrix will be used to evaluate this criterion: • Relevant qualifications* and at least five (5) years' experience in executing similar projects **(30 points).** • Relevant qualifications* and at least three (3) year experience in executing similar projects **(20 points).** • Relevant qualifications* and less than three (3) year experience in executing similar projects **(10 points).** **Relevant experience accounts for 75% of the allocated points*	30%
TOTAL:	
THRESHOLD (informed by potential Risk), established out of 100% assigned to Functionality):	**75%**

PHASE 3 – PRICE & BBBEE

EVALUATION ELEMENTS	
PRICE	90
B-BBEE	10
TOTAL	**100**

TRANSFORMATIONAL IMPERATIVES

Preference will be given to bidders that are at least 51% black owned or 30 % black women owned.

COUNTER PARTY

The following counterparties were consulted:

- GSM
- Finance (Comm in Finance?)

FINANCIAL IMPLICATION (Full TCO)

The project will be financed by the Chief Financial Officer's cost centre.

RISK

There is none at this stage.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO approval

comm is done

RECOMMENDATION

It is recommended that the BAC support the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to source and evaluate funding options for SAA.

SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:

Silas Matsaudza
Commodity Manager

08-08-2016
Date

2. Confirmation of budget or corrective measure to ensure no overspend:

Faizal Peer
Financial Controller: Shared Services

Date

IP

3. Recommended by:

Cynthia Stimpel
Group Treasurer

Date

Phumeza Nhantsi
Interim CFO

Date

4. Supported by

Mzolisi Rungqu
Manager: Operational Compliance *(Acting)*

Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

Member(s):

Ms L. Olitzki (Chair) _____

Mr. D. Motlafi _____

Mr. A. Seedat _____

Mr. M. Nkalane _____

Mr. T. Lehasa _____

Ms. N. Memela _____

Mr . J. Luthuli _____

Ms. N. Moodley _____

Ms. Z. Sadulla _____

Alternate Member(s):

Mr. B. Croza _____

Mr. G. Mellett _____

Mr. D. Erriah _____

Ms. R. Strauss _____

Mr.L. Moonsamy _____

Ms. T. Mngomezulu _____

Ex Officio Member(s):

Dr. ~~Masimba~~ Philip Dahwa _____

Mr. B. Steyn _____

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure A: Response Format

Bidder's experience and the proposed project team

The Bidder must complete the tables below and set out the information in response to the requirements stated in the evaluation criteria of this RFP. If the Bidder requires more space than is provided below it must prepare a document in the same format setting out all the information referred to below

Table (a) - Demonstrable experience in providing Financial Advisory Services.

Client's name	Description of the project	Value of transaction	Project period		Scope of work	Name, title and telephone contact of client
			Start date	End date		

CASS-355
CSB 28

Nhlakanipho N. Kunene

From: Phumeza Nhantsi
Sent: Friday, 04 March 2016 09:25
To: Cynthia Stimpel
Subject: RE: BAC SUBMISSION - APPOINTMENT OF A TRANSACTION ADVISOR

Hi Cynthia,

You can come through and I will give you background as the TA needs to be approved by BAC today

Regards

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com
6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

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From: Cynthia Stimpel
Sent: 03 March 2016 05:56 PM
To: Phumeza Nhantsi
Subject: BAC SUBMISSION - APPOINTMENT OF A TRANSACTION ADVISOR

Hi Phumeza
I received the BAC submission on my desk this afternoon – regarding the appointment of a Transaction Advisor. I did call but carol said you are in another meeting.

I am aware of SAA's intentions to get a Transaction Advisor – because you mentioned it to both Michael and I. However, I was not involved in the process and hence cannot sign the document as is because I need to understand the rationale behind it.

I have read the document and am finding conflicting statements:
The purpose is to appoint a Transaction Advisor to source and evaluate funding options for SAA.
However, under the "Motivation" section – it states "*...will be required to demonstrate how it will source funding for SAA,...*"
Critical Criteria:
Would the Transaction Advisor / Financial Transaction Advisor necessarily need a FSB Licence? – Will they be lending or investing on SAA's behalf? Or only advisory? Is this the only critical criteria?
Functional Criteria:
I would recommend that the "value or quantum of the financial service offered" – be included rather than only "projects supported by testimonials" as it is too broad.

I would also recommend the "success rate" of the "executed" financial services as well as the objectives achieved and subsequent benefits (growth, commercial outcomes etc.) to the organization – a track record / report card of the before and after, to be included. (this for me would be a critical criteria).

Proposed Methodology:
Conflicting statements in the sentence – "it will source funding..."

IP

This part of the sentence does not make sense..."...and develop options analysis that takes into account likely financial and commercial outcomes of the options to arrive at a preferred option with the optimal outcomes in terms of commercial impact."
Next sentence – "The proposed criteria to be used for the evaluation of funding proposals and options must be explained in detail."
What are we asking here? For a set of criteria for the evaluation of the funding proposals? Yet the sentence prior states a different objective.

Therefore before I sign anything I would like to know the following please?

1. What is the objective and what exactly will the Transaction Advisor be doing?
2. What are our expectations from the Transaction Advisor for SAA and the funding of SAA?
3. What is our desired outcome with this process.

Once we know that we can then define the Critical and Functional criteria, which would assist the prospective bidders when bidding for this tender, and it would assist SAA when assessing and evaluating the proposals once received.

Thanks and regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

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TP

CASS-358
0829

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

BAC SUBMISSION

To:	Bid Adjudication Council (BAC)
From:	Global Supply Management (GSM)
Date:	09 March 2016

REQUEST BAC SUPPORT OF THE EVALUATION CRITERIA AND WEIGHTINGS TO BE UTILISED FOR THE APPOINTMENT OF A TRANSACTION ADVISOR TO PROVIDE FINANCIAL ADVICE TO SAA

PURPOSE

To request BAC support of the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to provide financial advice to SAA.

BACKGROUND

SAA requires the services of a Transaction Advisor to provide financial advice on the funding options available. The Transaction Advisor is expected to provide the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R15 billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's operating costs is U$D denominated. With the new 5 A330s that will commence shortly, will result in an increase in this exposure, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

RP

MOTIVATION

In order for SAA to realise the value associated with the scope of service indicated above, there is need to urgently appoint a Transaction Advisor. The exercise will assist SAA to make an informed decision on the funding options that can be pursued in order to grow the business and deliver sustainable profitability and shareholder value.

It is against this background that the BAC is requested to support the evaluation criteria and weightings below.

EVALUATION CRITERIA

The Bid Specification Committee (BSC) members listed below supported the proposed evaluation criteria.

Name & Surname	Designation	Division	Signatures
Silas Matsaudza	Commodity Manager	GSM	
Themba Sikhosana	Legal Advisor	Legal	
Gordon Khumalo	Manager: Bank & Cash Accounting	Finance	
Faizal Peer	Financial Controller: Shared Services	Finance	27/3/10

The following criteria will apply for the evaluation of the proposals.

PHASE 1 – CRITICAL CRITERIA

CRITICAL CRITERIA: None Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**COMPLY**	
	YES	NO
☐ **Financial Services Board Licence:** The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.	☐	☐
PHASE 2		
FUNCTIONAL CRITERIA	**100%**	

☐ **Demonstrable Experience:** The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to **Annexure A, table (a)** of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery. **Note:** The following scoring matrix will be used to evaluate this criterion: • Three (3) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(30 points).** • Two (2) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(20 points).** • One (1) project supported by a testimonial on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(10 points).**	30%
☐ **Proposed Methodology:** The bidding entity must demonstrate how, in a time and cost effective manner, it will conduct the following: • Analyse the SAA loan agreements **(8 points)** • Determine any inefficiency in the total funding of SAA **(8 points).** • Advise SAA on how to restructure its balance sheet through the settlement on inefficient loans **(8 points);** • Advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet **(8 points);** and • Analyse the SAA's leases **(8 points)** **Note:** The following three (3) point scale will be used to score the bidder's submission on the above elements: • 0 - Do not meet expectations • 2 - Partially meet expectations • 4 - Meets expectations	40%

☐ **Experience, Skills and Qualifications of the Team/Individual:** The proposed team/individual must have relevant skills, qualifications and experience, and must have played key roles in **at least three similar projects** (*analysis of loans, restructure of balance sheet and analysis of leases).* Please refer to **Annexure A, table (b)** of this document for the format in which the required information must be provided. Detailed Curriculum Vitae of the proposed transactions advisor/team must clearly highlight the areas of experience *(including but not limited to those cited in **Annexure A, table (b)**)* and competence relevant to the tasks and objectives of the project as outlined in the scope of work. **Note:** The following scoring matrix will be used to evaluate this criterion: • Relevant qualifications* and at least five (5) years' experience in executing similar projects **(30 points).** • Relevant qualifications* and at least three (3) year experience in executing similar projects **(20 points).** • Relevant qualifications* and less than three (3) year experience in executing similar projects **(10 points).** **Relevant experience accounts for 75% of the allocated points*	30%
TOTAL:	
THRESHOLD (informed by potential Risk), established out of 100% assigned to Functionality):	**75%**

PHASE 3 – PRICE & BBBEE

EVALUATION ELEMENTS	
PRICE	90
B-BBEE	10
TOTAL	**100**

TRANSFORMATIONAL IMPERATIVES

Preference will be given to bidders that are at least 51% black owned and preferable 30 % black women owned.

COUNTER PARTY

The following counterparties were consulted:

- GSM
- Finance

FINANCIAL IMPLICATION (Full TCO)

The project will be financed by the Chief Financial Officer's cost centre.

RISK

There is none at this stage.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO approval

RECOMMENDATION

It is recommended that the BAC support the evaluation criteria and weightings to be utilised for the appointment of a Transaction Advisor to provide financial advice to SAA.

SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:

Silas Matsaudza
Commodity Manager

08-03-2016
Date

2. Confirmation of budget or corrective measure to ensure no overspend:

Faizal Peer
Financial Controller: Shared Services

9/3/16
Date

3. Recommended by:

Cynthia Stimpel
Group Treasurer

9 March 2016
Date

Phumeza Nhantsi
Interim CFO

10/3/2016
Date

IP

4. Supported by

Mzolisi Rungqu
Manager: Operational Compliance

10/03/2016
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure A: Response Format

Bidder's experience and the proposed project team

The Bidder must complete the tables below and set out the information in response to the requirements stated in the evaluation criteria of this RFP. If the Bidder requires more space than is provided below it must prepare a document in the same format setting out all the information referred to below

Table (a) - Demonstrable experience in providing Financial Advisory Services.						
Client's name	Description of the project	Value of transaction	Project period		Scope of work	Name, title and telephone contact of client
			Start date	End date		

CASS-365

Annexure A: Response Format

Bidder's experience and the proposed project team

The Bidder must complete the tables below and set out the information in response to the requirements stated in the evaluation criteria of this RFP. If the Bidder requires more space than is provided below it must prepare a document in the same format setting out all the information referred to below

Table (b) – Qualifications and experience of the transaction advisor/team			
Name	Qualifications	Relevant experience	
		Similar projects worked on and the client details	Years of experience

CASS-366

CASS-367
B29A

CS 24

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

Bid Adjudication Council

Electronic Tenders.

South African Airways
Bid Adjudicating Council
RECEIVED

Bid No: GSM021 16 | Date Closed: 18 March 2016

Discription of Bid: Transaction Adviser

Number of Bids Received: Seven (7)

Originating Business Unit::

Time: 12h00 | 2016-03-18

Contact Person: Silo

No	Company Name	Original	Copies	Cd's/Flash drives	Payment	Contact Number	Email Address
1	Deloitte + Touche	electronic				011 517 4091	rmoody@deloitte.co.za
2	Regiments		"			011 595 0700	NeoM@regiments.co.za
3	Basis Point Capital		"			011 783 6136	tebaho@bpscapital.co.za
4	Cinga Holdings		"			011 447 9745	pule@cingaholdings.co.za
5	Niseta Capital		"			011 268 1839	richard.ngwenya@nisetacapital.co.za
6	Nedbank		"			011 294 9136	PhutiMo@Nedbank.co.za
7	BnP Capital (Pty) LTD	Hand delivered				011 234 0572	Daniel@bnpcapital.co.za / oe
*	(cctv footage viewed - Delivered on time)					082 902 9490	mngadi.masotsha@gmail.com

Name: Mandy Coetser
BAC Administrator:

Name:
Procurement Representative:

Tenders Collected by or on behalf of: Name & Surname: SILAS MATSAUBZA
Signature:

Acknowlegements saved on laptop. 22/3/2016.

* Copy of CD from SOC as proof.

CASS-368

COMMISSION OF INQUIRY
INTO STATE CAPTURE

Copy 110

REQUEST FOR PROPOSAL : APPOINTMENT OF A TRANSACTION ADVISOR TO PROVIDE FINANCIAL ADVICE TO SAA

BID NO: RFP GSM 021/16

Prepared for

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

Submitted by

B P

B P

South African Airways
Board Tender Committee

Contact: Daniel Mahlangu
Email: Daniel@bnpcapital.co.za
Tel: 011 - 2340572
Cell : 076 235 8504

IP

Contents

Section One : Tender Document

Section Two : Proposal

Section Three : Company Profile, Experience, Management and Administrative Capacity and Senior Project Partners

Section Four : Tax Clearance Certificate

Section Five : Company Registration Documents

Section Six : BEE Certificate

Section Seven : Share Certificate

Section Eight : ID copies (Board of Directors)

Section Nine : Project Costing

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IP

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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

REQUEST FOR PROPOSAL: APPOINTMENT OF A TRANSACTION ADVISOR TO PROVIDE FINANCIAL ADVICE TO SAA

BID NO: RFP GSM 021/16

COMMISSION OF INQUIRY INTO STATE CAPTURE

IR

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

SOUTH AFRICAN AIRWAYS (SOC) LIMITED

REGISTRATION NO.: 1997/022444/30

OR TAMBO INTERNATIONAL AIRPORT
(Hereinafter referred to as "SAA")

1. INVITATION TO BID

You are hereby invited to submit a proposal for the following:

RFP NUMBER: GSM 021/16

RFP DESCRIPTION: **Appointment of a Transaction Advisor to provide Financial Advice to SAA.**

Issue Date	**11 March 2016**
Closing Date for Questions	**18 March 2014**
Closing Date for RFP	**18 March 2014**
Closing Time	12:00 Midday GMT + 2
Compulsory Briefing	No
Date/Time/Place for the Briefing	N/A
Validity Period of Bid Submission	120 days

2. PROPRIETARY INFORMATION

SAA considers this *RFP GSM 021/16* and all related information, either written or verbal, which is provided to the respondents, to be proprietary to SAA. It shall be kept confidential by the respondent and its officers, employees, agents and representatives. The respondent shall not disclose, publish or advertise this specification or related information to any third party without the prior written consent of SAA.

3. GROUNDS FOR DISQUALIFICATION

All communication and attempts to obtain information of any kind with regards to this RFP should be channeled to *Silas Matsaudza*, Silasmatsaudza@flysaa.com

SAA reserves the right to **disqualify** any respondent from this Bid process if any attempts are made by that respondent to solicit information of any kind relative to this Bid/Proposal or subsequent evaluation from any other source in SAA other than the contact person as mentioned above.

IP

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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

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COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 1

INFORMATION SCHEDULE

FOR

RFP NO.: GSM 021/16

COMMISSION OF INQUIRY INTO STATE CAPTURE

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TO ENSURE THAT YOU RECEIVE ALL INFORMATION RELATING TO THIS BID AND ANY ADDITIONAL INFORMATION, PLEASE COMPLETE THIS PAGE AND RETURN BY FACSIMILE OR E-MAILTO THE INDICATED NUMBER

TO	:	**Silas Matsaudza** **South African Airways (Proprietary) Limited** **Global Supply Management**
E-MAIL	:	silasmatsaudza@flysaa.com
RE	:	**RFP GSM 021/16**
DATE	:	14/3/2016

NAME OF BIDDER	:	Pholisani Daniel Mahlangu
ENTITY NAME	:	Bnp Capital (Pty) Ltd
CONTACT PERSON	:	Daniel Mahlangu
TEL NUMBER	:	011-2340572
FACSIMILE NUMBER	:	011-2340573
CELLULAR NUMBER	:	0762358504
E-MAIL ADDRESS	:	daniel@bnpcapital.co.za

IA

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SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

PART 2

BID CONDITIONS AND INSTRUCTIONS TO BIDDERS

FOR

RFP GSM 021/16

COMMISSION OF INQUIRY INTO STATE CAPTURE

1.0 INTRODUCTION

South African Airways has a proud history of excellence, competing with many Local, Regional and International carriers, and is considered by consumers to be a premium world class airline. This is confirmed by the long list of awards the airline has received. SAA is the finest in Africa with more routes to African destinations than any other airline. This has been historically expressed through the payoff line "Bringing the world to Africa & taking Africa to the world"

We are inspired by our unqualified belief in service excellence, integrity, accountability, quality, safety, people development and value to our shareholders.

All our business relations are guided by these values and business practice. Our business partners and suppliers are expected to uphold, promote and share the same values and vision.

The quality, price and service that we provide our customers can only be as good as what we receive from our suppliers.

We strive for continuous improvement in our critical business areas and seek to establish relationships with suppliers that are equally passionate in their quest for better quality, price and service.

Procurement Philosophy

It is the policy of SAA, when purchasing products, services and works, to follow a course of optimum value and efficiency by adopting best purchasing practices in Supply Chain Management, ensuring where possible that open and fair competition has prevailed, with due regard being had to the importance of:

- The Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPPFA);
- The promotion, development and support of businesses from Exempted Micro Enterprises and Qualifying Small Enterprises. , that are 50% Black Owned, 30% Black Women Owned, 50% Black Youth Owned, 50% Black People Living in Rural Areas (towns and cities outside of the Tshwane, Johannesburg, eThekwini and Cape Town Metros) and 50% Black People with Disabilities.
- The promotion of domestic suppliers and agents before considering overseas suppliers and where purchases are from abroad, fostering development of local suppliers by the foreign suppliers in terms of setting aside 25% of the purchase for developing the local supplier; as well as
- The development, promotion and support for the moral values that underpin the above, in terms of SAA's Business Ethics and Guidelines which requires that all commercial conduct be based on ethical and moral values and sound business practice. This value system governs all commercial behaviour within SAA.

2.0 CONDITIONS OF BID & CONTRACT

2.1 The Bidder/s accepts that this document and its associated documents do not constitute any contractual relationship between SAA and the Bidder/s and the acceptance of any Bid/s by SAA will not constitute any contractual relationship between SAA and any Bidder/s. The acceptance of any Bid/s will only indicate without any obligations on the part of either SAA and/or a Bidder/s, the willingness of such Parties to enter into negotiations, which may or may not result in a Contract.

IP

2.2 SAA reserves the right to undertake physical evaluations on shortlisted Bidder/s.

2.3 The Bidder/s agree that during the contract period prices based on the impact of volumes, productivity improvements and sharing of risk may be negotiated.

2.4 The Agreement will be a non-exclusive Agreement and SAA reserves the right to purchase at its discretion service from any other service provider. SAA does not warrant that it will use any minimum quantity of the service from the successful Bidder/s.

2.5 During evaluation of the bids, additional information may be requested in writing from bidders. Replies to such request must be submitted, within 5 (five) working days or as otherwise indicated. Failure to comply, may lead to your bid being disqualified.

3.0 INTELLECTUAL PROPERTY, INVENTIONS AND COPYRIGHT

3.1 The specification is the intellectual property of SAA.

3.2 Copyright of all documentation relating to this assignment belongs to SAA. The successful bidders may not disclose any information, documentation or products to other clients without the written approval of the accounting authority or the delegate.

3.3 All the intellectual property rights arising from the execution of this Agreement shall vest in SAA and the Bidder undertakes to honour such intellectual property rights and all future rights by keeping the know-how and all published and unpublished material confidential.

3.4 In the event that the Bidder would like to use any information or data generated in terms of the Services, the prior written permission must be obtained from SAA.

3.5 SAA shall own all materials produced by the Bidder during the course of, or as part of the Services including without limitation, deliverables, computer programmes (source code and object code), programming aids and tools, documentation, reports, data, designs, concepts, know-how and other information whether capable of being copyrighted or not ("IP") which IP SAA shall be entitled to freely cede and assign to parties nominated by SAA.

3.6 This clause 3.0 shall survive termination of this Agreement.

4.0 GUIDELINE ON COMPLETION OF SUBMISSION

4.1 Bidders must indicate compliance or non-compliance on a paragraph-by-paragraph basis. Indicate compliance with the relevant bid requirements by marking the YES box and non-compliance by marking the NO box. If the contents of the paragraph only need to be noted, please mark the NOTED box. The bidder must clearly state if a deviation from these requirements are offered and the reason therefor. If an explanatory note is provided, the paragraph reference must be attached as an appendix to the bid submission. Bids not completed in this manner may be considered incomplete and rejected. Should bidders fail to indicate agreement/compliance or otherwise, SAA will assume that the bidder is not in compliance or agreement with the statement(s) as specified in this bid.

4.2 SAA will interpret YES as full compliance/acceptance to the applicable paragraph. NO will be interpreted that the Bidder/s has/have read and understood the paragraph, but the Bidder/s does/do not comply/accept the content of the applicable paragraph.

IP

4.3 Alternative Bids by the Bidder/s or any non-compliance to the specification will be evaluated and considered at SAA's sole discretion.

5.0 PREPARATION COSTS

All costs incurred in the preparation, presentation and demonstration of the response shall be for the account of the Bidder. All supporting documentation and manuals submitted with the Bid will become SAA property unless otherwise stated by the Bidder/s at the time of submission.

6.0 COPIES REQUIRED

6.1 It is a condition that the Bidder/s shall furnish an offer comprising of the original response document plus 2 (two) copy. The Bidder/s shall ensure that all the relevant information and documentation is submitted with the original as well as the copy. SAA shall not be liable should it become evident that a Bidder/s offer/s is/are not accepted and the reason for such non-acceptance is as a result of the Bidder/s failure to include the information in both copies.

6.2 **BIDDER/S SHALL KEEP A COPY OF THEIR BID AND RESPONSE FOR FUTURE REFERENCE.**

7.0 SPECIFIC INFORMATION REQUIRED

For ease of reference and evaluating purposes, please furnish replies under the same headings and refer individually to all specific paragraph numbers. Please be clear in your response and use definite answers.

8.0 ENQUIRIES

Enquiries regarding this RFP should be submitted in writing to SAA at the following address:

Attention: *Silas Matsaudza*

Email: *silasmatsaudza@flysaa.com*

9.0 QUESTIONS AND CLARIFICATIONS

9.1 Enquiries should reference the specific RFP number, section, document and paragraph number, where appropriate.

9.2 The questions and clarifications must be faxed or emailed to the details in 8.0 above.

9.3 If appropriate, the clarifying information will be made available to all bidders by e-mail only.

9.4 The closing date for questions is as mentioned in the Cover Sheet.

10.0 INSTRUCTIONS FOR THE SUBMISSION OF A PROPOSAL

10.1 Proposals must be submitted via email to Tenders@flysaa.com. Should you encounter any technical difficulties please contact Mandy Coetser at e-mail address: MandyCoetser@flysaa.com.

IP

SAA

Tender number : *RFP: GSM 021/16*
Tender for : Appointment of a Transaction Advisor to provide Financial Advice to SAA.

Closing Date / Time: *18 March 2016 at 12:00 midday GMT + 2*

Name & Address of the Bidder : *Postal or Physical Address*

10.2 Bids can be delivered between 08H00 and 16H30, Monday to Friday, prior to the closing date and between 08H 00 and 11H 00 on the closing date.

10.3 Submissions will be kept unopened in safe custody until the closing time for the Bid. Where a Bid is received without a Bid number on it, it will be opened, the Bid number ascertained, the envelope sealed and the Bid number written on the envelope.

10.4 Unless specifically provided for in the bid documents, tenders submitted by means of telegraph, telex, fax or similar means will not be accepted.

10.5 All bids must be submitted in English.

Bidders should ensure that proposals are delivered before the closing date and time to the correct email address.

If the bid is late, it will not be accepted for consideration.

11.0 LATE BID SUBMISSIONS

11.1 Late submissions of Bids will NOT be considered for evaluation and will be returned un-opened to the Bidder/s at the Bidders' own costs accompanied by an explanation to the effect that it is late.

11.2 A submission will be considered late if it arrives one second after 11:00 or any time thereafter. The bid box shall be locked at exactly 11:00 and bids arriving late will not be accepted under any circumstances. Bidders are therefore strongly advised to ensure that bids be dispatched allowing enough time for any unforeseen events that may delay the delivery of the bid.

12.0 PAYMENTS

12.1 Final payment terms will be negotiated with the successful bidder before awarding the bid.

12.2 SAA will pay the successful Bidder the Fee as set out in the final contract. No additional amounts will be payable by SAA to the successful Bidder.

12.3 The successful Bidder shall from time to time during the duration of the contract, invoice SAA for the services rendered. No payment will be made to the successful Bidder unless an invoice complying with section 20 of VAT Act No 89 of 1991 has been submitted to SAA.

12.4 Payment shall be made into the successful bidder's bank account normally 30 days after receipt of an acceptable, valid invoice. (Banking details must be submitted as soon as this bid is awarded).

12.5 The successful Bidder shall be responsible for accounting to the appropriate authorities for its Income Tax, VAT or other moneys required to be paid in terms of applicable law.

IP

13.0 WARRANTS

13.1 The Bidder warrants that it is able to conclude and deliver on this Agreement to the satisfaction of SAA.

13.2 Although the Bidder will be entitled to provide products or services to persons other than SAA, the Bidder shall not without the prior written consent of SAA, be involved in any manner whatsoever, directly or indirectly, in any business or venture which competes or conflicts with the obligations of the Bidder to provide the products or services.

14.0 RETENTION

14.1 On termination of this agreement, the successful bidder shall on demand hand over all documentation, information, software, etc., without the right of retention, to SAA.

14.2 No agreement to amend or vary a contract or order or the conditions, stipulations or provisions thereof shall be valid and of any force and effect unless such agreement to amend or vary is entered into in writing and signed by the contracting parties. Any waiver of the requirement that the agreement to amend or vary shall be in writing, shall also be in writing.

15.0 SELECTION

15.1 SAA reserves the right to evaluate and consider any Bid/s that does not comply strictly with this Bid process.

15.2 Before the award of this Bid, SAA reserves the right to enter into a phase of negotiation to ensure the optimum solution in terms of the specified requirement for SAA with Bidder/s in order to establish a mutually acceptable solution. SAA will however not be bound to enter into any contract with any party, should negotiations fail to produce mutually acceptable conditions.

15.3 Should SAA consider it necessary, the Bidder/s shall agree to an inspection of the resources and works of the Bidder.

15.4 SAA may request documentary proof of any information supplied by the Bidder/s. Failure to comply with request will lead to disqualification.

15.5 Should SAA consider it necessary, SAA will visit the Bidder's customer sites.

15.6 SAA reserves the right:

15.6.1 to cancel this Bid or any part thereof at any time;

15.6.2 not to accept any Bids;

15.6.4 to accept one or more Bids for further negotiation

15.6.5 to contact any Bidder/s during the evaluation period, to clarify information only, without informing any other Bidder/s.

15.6.6 to either appoint one or more Bidder/s on a national basis, or award the contract on a regional basis to one or more Bidder/s.

SAA

16.0 NEGOTIATIONS

16.1 SAA has the right to enter into negotiation with a prospective bidder or prospective bidders regarding any terms and conditions, prices, BEE, technical/functionality requirements, etc.

16.2 SAA shall not be obliged to accept the lowest priced bid, quotation, offer or proposal.

17.0 BID PRESENTATIONS

17.1 SAA reserves the right to invite bidders for presentations before the award of the bid.

18.0 FORMAT OF BIDS

18.1 Fully comprehensive service documentation shall be supplied in English by each Bidder, which shall explicitly and in detail describe the service/s offered. This documentation shall include sufficient detail to clearly give the reader a precise and unambiguous description of the service/s offered. Incomplete or incomprehensible service documentation will result in rejection of the offer.

18.2 The following documentation forms part of the Bid and must be duly completed & returned in the Bidders response to this RFP

- Declaration of Interest
- Vendor Information Form
- Valid Original Tax Clearance Certificate
- Certified and Valid BBBEE Certificate issued by a verification agency accredited by SANAS
- Latest and audited financial statements

18.2.1 Part 1: Information Schedule

Bidders must complete and submit the Information Schedule.

18.2.2 Part 2: Technical/Functionality Proposal & Compliance

Bidders should provide all documentation requested under the critical and functional criteria. Failure to provide the requested supporting documents will result in loss of points.

18.2.3 Part 3: SARS Tax Clearance Certificate(s).

A valid original SARS Tax Clearance Certificate must accompany the proposal. In case of a consortium/joint venture, or where sub-contractors are utilised, a valid original SARS Tax Clearance Certificate for each consortium/ joint venture member and/or sub-contractor (individual) must be submitted.

Each consortium/joint venture must submit its own valid original Tax Clearance Certificate.

18.2.4 Part 4: Declaration of Interest

Bidders must complete and submit the Declaration of Interest Form.

18.2.5 Part 5: Briefing Session or Site Inspection Certificate

IP

Bidders must submit a signed certificate of the Briefing Session or Site Inspection which is a compulsory requirement.

18.2.6 Part 6: BEE Submission

Bidders must submit their B-BBEE Certificate.

Consortiums or joint ventures must submit a consolidated B-BBEE Certificate. Each member organisation must submit the percentage income split as per the consortium or joint venture agreement. The workload split must also be clearly defined and indicated.

18.2.7 Part 7: Pricing Schedule

Bidders must submit a detailed costing schedule. All prices submitted must reflect the total landed cost of the proposed products to SAA (the relevant Incoterm is DAP Johannesburg, SAA Warehouse) and include all applicable taxes.

18.2.8 Part 8: Vendor Information Form

Bidders must complete & submit the Vendor Information Form and source documents. Banking details will only be required from the successful bidder.

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 3

SCOPE OF WORK / SPECIFICATION

FOR

RFP NO.: GSM 021/16

The Transaction Advisor is expected to provide the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R14billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

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PART 4

EVALUATION CRITERIA FOR

RFP GSM 021/16

1. PHASE 1 - CRITICAL CRITERIA EVALUATION

The following critical criteria will apply for evaluation of this Bid. Non-compliance to these critical criteria or no supporting documentation supplied with the bid response will invalidate your bid.

CRITICAL CRITERIA: None Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**COMPLY**	
	YES	NO
☐ **Financial Services Board Licence:** The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.	☑	☐

PHASE 2	
FUNCTIONAL CRITERIA	**100%**
☐ **Demonstrable Experience:** The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to **Annexure A, table (a)** of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery. **Note:** The following scoring matrix will be used to evaluate this criterion: • Three (3) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(30 points).** • Two (2) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(20 points).**	30%

• One (1) project supported by a testimonial on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(10 points).**	
☐ **Proposed Methodology:** The bidding entity must demonstrate how, in a time and cost effective manner, it will conduct the following: • Analyse the SAA loan agreements; **(8 points)** • Determine any inefficiency in the total funding of SAA **(8 points).** • Advise SAA on how to restructure its balance sheet through the settlement on inefficient loans **(8 points);** • Advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet **(8 points);** and • Analyse the SAA's leases **(8 points)** **Note:** The following three (3) point scale will be used to score the bidder's submission on the above elements: • 0 - Do not meet expectations • 2 - Partially meet expectations • 4 - Meets expectations	40%
☐ **Experience, Skills and Qualifications of the Team/Individual:** The proposed team/individual must have relevant skills, qualifications and experience, and must have played key roles in **at least three similar projects** (*analysis of loans, restructure of balance sheet and analysis of leases).* Please refer to **Annexure A, table (b)** of this document for the format in which the required information must be provided. Detailed Curriculum Vitae of the proposed transactions advisor/team must clearly highlight the areas of experience *(including but not limited to those cited in **Annexure A, table (b))*** and competence relevant to the tasks and objectives of the project as outlined in the scope of work. **Note:** The following scoring matrix will be used to evaluate this criterion: • Relevant qualifications* and at least five (5) years' experience in executing similar projects **(30 points).** • Relevant qualifications* and at least three (3) year experience in executing similar projects **(20 points).** • Relevant qualifications* and less than three (3) year experience in executing similar projects **(10 points).**	30%

**Relevant experience accounts for 75% of the allocated points*	
TOTAL:	
THRESHOLD (Informed by potential Risk), established out of 100% assigned to Functionality):	**75%**

PHASE 3 – PRICE AND B-BBEE EVALUATION

EVALUATION ELEMENTS	
Price	90
B-BBEE	10
TOTAL	100

SAA will give preference to bidders who are 50% Black Owned and preferable 30% Black Women Owned

The template below *MUST* be used for the pricing of the proposed services

Task *(guided by the scope of work above)*	**Projected Number of Hours per task**	**Total Number of resources to be deployed per task**	**Rate per Hour per resource**

COMMISSION OF INQUIRY INTO STATE CAPTURE

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SOUTH AFRICAN AIRWAYS
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PART 5

DECLARATION OF INTEREST

1. Any legal person, including persons employed by the principal, or persons having a kinship with persons employed by the principal, including a blood relationship, may make an offer or offers in terms of this invitation to bid. In view of possible allegations of favouritism, should the resulting bid, or part thereof, be awarded to persons employed by the principal, or to persons connected with or related to them, it is required that the bidder or his/her authorised representative declare his/her position in relation to the evaluating/adjudicating authority and/or take an oath declaring his/her interest, where:

   ☐ the bidder is employed by the principal; and/or

   ☐ the bidder is a board member

   ☐ the legal person on whose behalf the bidding document is signed, has a relationship with persons/a person who are/is involved in the evaluation and or adjudication of the bid(s), or where it is known that such a relationship exists between the person or persons for or on whose behalf the declarant acts and persons who are involved with the evaluation and or adjudication of the bid.

2. In order to give effect to the above, the following questionnaire must be completed and submitted with the bid.

2.1 Are you or any person connected with the bidder, employed by the principal? YES/~~NO~~

2.1.2 If so, state particulars.

N/A

N/A

2.2 Do you, or any person connected with the bidder, have any relationship (family, friend, other) with a person employed by the principal and who may be involved with the evaluation and or adjudication of this bid? ~~YES~~/NO

2.2.1 If so, state particulars

N/A

IP

N/A

2.3 Are you, or any person connected with the bidder, aware of any relationship (family, friend, other) between the bidder and any person employed by the principal who may be involved with the evaluation and or adjudication of this bid? ~~YES~~/NO

2.3.1 If so, state particulars

N/A

N/A

3. **DECLARATION**

I Thotisani Daniel Mahlangu, THE UNDERSIGNED CERTIFY THAT THE INFORMATION FURNISHED IN PARAGRAPH 2.1 TO 2.3.1 ABOVE IS CORRECT. I ACCEPT THAT THE PRINCIPAL MAY ACT AGAINST ME IN TERMS OF PARAGRAPH 23 OF THE GENERAL CONDITIONS OF CONTRACT SHOULD THIS DECLARATION PROVE TO BE FALSE.

Signature

14/3/2016
Date

Director
Position

BNP Capital (Pty) Ltd
Name of Bidder

RFP : GSM 021/16
Bid Number

SOUTH AFRICAN AIRWAYS
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PART 6

VENDOR INFORMATION FORM

FOR

RFP NO.: GSM 021/16

You are kindly requested to complete this document accurately as the information contained herein is required for the following purposes:

To support SAA in the implementation of a system of preferences as required by the Preferential Procurement Policy Framework Act (No 5 of 2000).

Failure to complete the form in full may result in the supplier not being considered for the awarding of any orders or contracts by SAA.

PAGES – PLEASE COMPLETE ALL PAGES.

Name of Company:	BNP Capital (Pty) Ltd
Company Registration No:	2010/011912/07
Vat Registration number:	4230257299
Tax registration No:	9434892163
Postal Address:	Retail Suite 436, Private Bag X43, Sunninghill Sandton, 2157
Physical Address:	Building 6 Tuscany office Park, Coombe Place Rivonia

Telephone No:	011-2340572	**Mobile Telephone No:**	0762358504
Fax No:	011-2340513	**E-mail address:**	daniel@bnpcapital.co.za

DOCUMENTS TO BE SUBMITTED

- Certified Company Registration documents.
- Certified Share Certificates.
- Certified copies of Shareholders' Identity Documents.
- Signed Joint Venture or Consortium agreement (where applicable).
- Cancelled cheque or stamped bank confirmation letter not older than a year.

- An original valid Tax Clearance Certificate must be attached to this form –. Failure to do so may disqualify the bid.
- An original valid B-BBEE Certificate or a letter from the Auditor or Accounting Officer or a certified copy thereof.
- In the case of a Joint Venture or Consortium, a joint B-BBEE Certificate fulfilling the above requirements should be submitted
- Latest audited financial statements

In case of a consortium/joint venture, full details on consortium/joint venture members (if applicable):

Name of Company:	INLINE TRADING 10 (PTY) LTD
Vat Registration number:	4330236052
Tax registration No:	

Name of Company:	
Vat Registration number:	
Tax registration No:	

Name of contracting entity in case of a consortium/joint venture (if applicable):

Name of Company:	INLINE TRADING 10 (PTY) LTD
Postal address:	PRIVATE BAG X14, 1450, ALBERTON
Street address:	
Contact person on behalf of a consortium/joint venture:	BRANDON KING
Telephone number:	0832250489
Cell phone number:	0832250489
Email address:	bking@iburst.co.za

1. **Participation capacity** (tick one box)

	Prime contractor		Supplier
	Sub-contractor	✓	Professional services
	Manufacturer	✓	Joint Venture partner
	Other, specify		

2. **Type of firm** (tick one box)

	Partnership		One person business/sole trader
	Close corporation	✓	Company
	Pty Ltd.		
	Other, specify		

3. **State business activities** (tick one box)

	Security		Construction
	Catering	✓	Consulting
	Manufacturer		Retailer/Distributor

IP

✓	Other, specify ...Financial Advisory and investments

4. **Business sector** (tick one box)

	Agriculture		Mining and Quarrying
	Manufacturing		Electricity, Gas and Water
	Retail and motor trade repair services		Construction
	Wholesale trade, commercial agents & allied		Community, social and personal services
	Commercial Agents and other trade		Transport, storage and communication
✓	Finance and business services		Commercial Agents and other trade
	Other, specify		

5. **Company classification** (tick one box)

	Contractor who generates more than 75% of turnover as a prime contractor		Contractor who generates less than 75% of turnover as a prime contractor
	Labour – only sub-contractor		Manufacturer
	Supplier	✓	Professional service provider
	Other, specify		

Products or services to offer to SAA (fill in)

6. **Total number of years the firm has been in business:** 06 years

7. **Total number of employees**

Full time: 10 **Part time:** N/A .

8. **Street address of all facilities used by the Firm** (e.g. Warehouse, storage space, offices, etc.)

Building 6 Tuscany office Park, Coombe Place, Riviera

9. **Do you share any facilities?** YES/~~NO~~

If yes, which facilities are shared? N/A .

With whom do you share facilities? (Name of firm/individuals).

N/A

10. **Is the firm registered or does it have a business license(s)?**

~~YES~~/NO (If yes, give details and quote relevant reference numbers and dates)

N/A

11. **Detail all trade associations in which you have a membership:**

N/A

12. **Did the firm exist under a previous name? YES / (NO)**

If yes, what was its previous name? N/A

Who were the owners/partners/directors?

N/A

13. **Identify any owner or management officer who has an interest in another firm:**

	N/A		

14 **Indicate whether your company is an:**

a. Exempted Micro Enterprise (EME)
b. Qualifying Small Enterprise (QSE) ✓
c. Generic/ Large Supplier

15 **What is the enterprise's average annual turnover (excl. VAT) during the lesser of the period for which the business has been operating or the previous three financial years?**

R 5 201 890

NB. Please submit your most recent set of annual financial statements (AFS) that are audited/independently reviewed not older than twelve months. If these financial statements are older than twelve months, please submit your most recent management accounts (Income Statement, Balance Sheet and Cash Flow) signed by the directors/members.

Please complete the following:

Checklist for required financial statements	Response	Comments
For a company and co-operative - Submission of most recent set of audited annual financial statements (AFS) signed by the directors and auditors. ***For a Close Corporation*** – Submission of the most recent set of annual financial statements (AFS) signed by the member(s) and accounting officer / independent reviewer.	☐ Yes ☐ No	

Do the AFS have: 1. Signed audit/accounting office report and directors/members report 2. Balance sheet 3. Income statement 4. Cash flow statement	☒ Yes ☐ No	
If annual set of AFS is older than twelve months, most recent set of interim results or management accounts signed by the directors have been submitted.	☐ Yes ☐ No	N/A
Do the Management accounts or interim AFS have: 1. Balance sheet 2. Income statement 3. Cash flow statement	☐ Yes ☐ No	N/A
AFS Language Medium is English	☒ Yes ☐ No	
Obtain letter of support for subsidiary company if holding company's AFS was supplied	☐ Yes ☐ No	N/A
Did we get the following for a Joint Venture or Partnership: 1. Copy of each participant's AFS 2. Joint venture or partnership agreement	☐ Yes ☐ No	N/A

16 The financial manager/ external auditor/ CEO/Accounting Officer (whichever is relevant to your type of business) needs to confirm the following:

The business/entity is:

- A Going Concern — (Yes) / ~~No~~
- In a Sound Financial Condition — (Yes) / ~~No~~
- Have the financial & operational capacity to fulfil the contract requirements — (Yes) / ~~No~~

Signature [signature]

Capacity CFO

17 Identify by name, HDI status and length of service, those individuals in the firm (including owners and non-owners) responsible for the day-to-day management and business decisions IP

Cheque Signing	PD Mahlangu	B	M	No	No
Acquisition of lines of credit	PD Mahlangu	B	M	NO	No
Sureties	PD Mahlangu	B	M	NO	No
Major Purchase or Acquisitions	PD Mahlangu	B	M	NO	No
Signing Contracts	PD Mahlangu	B	M	NO	No

18 BLACK EQUITY OWNERSHIP

Tholiemi Daniel Mahlangu	M	No	7301155649085	South African	100%

List the four largest contracts/assignments completed by your firm in the last three years. Please provide projects that are similar to SAA's requirement.

Work performed	For whom	Contact person and telephone number	Contract fee/amount

Alternative payee (This field is only to be filled in if payments are not to be made directly to the vendor to whom the payment is owed)	

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Name		Telephone number	

Country (Where bank is located)	SOUTH AFRICA
Name of bank	FNB
Bank key (Branch Number)	200607
Bank account (Account Number)	62526226940
Account holder (Only to be filled in if the name of the account holder is not the same as the name of the vendor)	BNP CAPITAL
Name of account (Type of account)	CURRENT

FNB
4 MERCHANT PLACE
16 MAR 2016
RECEIVED/ANSWERED
200 - 607

Date stamp of bank Certified as correct

Initials and Surname (Bank official): P M HLALELE

Signature (Bank official):

Telephone Number (Bank Official): 011 282 8955

Signature duly authorised to sign on behalf of

BNP CAPITAL (Name of organisation) address

TUSCANY OFFICE PARK COMMERCE PLACE ROAD, RIVONIA, SANDTON

Telephone no. 011 234 0110 Date 16 March 2016

COMMISSIONER OF OATHS:

Signature: Date: 16 MARCH 2016

IP

I Certify that this document is true reproduction copy of the original document, which was handed to me for authentication; I further certify that from my observation no amendment or changes to the document were made.

Masala Rambuluna CA(SA) Registered Auditor

STAMP
MUST BE DATE STAMPED AND SIGNED BY A COMMISSIONER OF OATHS

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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 7

DEVIATIONS FROM THE REQUEST FOR PROPOSAL

FOR

RFP NO.: GSM 021/16

Should the Bidder desire to make any departures from, or modifications to this Request for Bid or to qualify its Bidder in any way, it shall clearly set out its proposals hereunder or alternatively state them in a covering letter attached to its bid and referred to hereunder, failing which the Bid shall be deemed to be unqualified and conforms exactly with the requirements of this Request for Bid.

If no departures or modifications are desired, the Schedule hereunder is to be marked "NIL" and signed by the Bidder.

Unless otherwise specified specifically and stipulated in writing, the Contract constitutes the sole memorial of the Contract between the parties and any terms and conditions forming part of the Bidder's Bid or other documentation.

PAGE NUMBER	CLAUSE NUMBER	DEVIATION
N/A	N/A	N/A

SIGNATURE OF BIDDER

14/8/2016

DATE

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PART 8

TAX CLEARANCE REQUIREMENTS

FOR

RFP NO.: GSM 021/16

1. IT IS A CONDITION OF BIDDING THAT

1.1 The taxes of the successful bidder **must** be in order, or that satisfactory arrangements have been made with the Receiver of Revenue to meet his/her tax obligations.

1.2 The attached form "Application for Tax Clearance Certificate (In respect of bidders)" must be completed in all respects and submitted to the Receiver of Revenue where the bidder is registered for tax purposes. The Receiver of Revenue will then furnish the bidder with a Tax Clearance Certificate that will be valid for a period of twelve (12) months from date of issue. This Tax Clearance Certificate must be submitted in the original together with the bid. Failure to submit the original and valid Tax Clearance Certificate **may** invalidate the bid.

1.3 In bids where Consortia/Joint Ventures/Sub-contractors are involved, each party must submit a separate Tax Clearance Certificate. Copies of the Application for Tax Clearance Certificates are available at any Receiver's office.

Application for Tax Clearance Certificate
(IN RESPECT OF BIDDERS)

1. Name of Taxpayer/bidder: .....

2. Trade name:

3. Identification number:

4. Company/Close corporation registration number:

5. Income tax reference number:

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6. VAT registration number (if applicable):

7. PAYE employer's registration number (if applicable):

Signature of contact person requiring Tax Clearance Certificate: .....

Name: .....

Telephone number: Code ..... Number .....

Address: .....

.....

.....

Date: 20...../...../.....

PLEASE NOTE THAT THE COMMISSIONER FOR THE SOUTH AFRICAN REVENUE SERVICE (SARS) WILL NOT EXERCISE HIS DISCRETIONARY POWERS IN FAVOUR OF ANY PERSON WITH REGARD TO ANY INTEREST, PENALTIES AND / OR ADDITIONAL TAX LEVIABLE DUE TO THE LATE- OR UNDERPAYMENT OF TAXES, DUTIES OR LEVIES OR THE RENDITION RETURNS BY ANY PERSON AS A RESULT OF ANY SYSTEM NOT BEING YEAR 2000 COMPLIANT.

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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 9

PRE-BID BRIEFING / SITE INSPECTION

FOR

RFP NO.: GSM 021/16

Not applicable for this tender

South African Airways (SOC) Ltd

This is to certify that I, _____

representing and duly authorised by (Bidder) _____

_____

of (Address) _____

Attended the bid briefing/site inspection on (Date) _____
Having prior to this bid briefing/site inspection carefully examined the bid document; I confirm that I was given unrestricted access to inspect those sections of the Site necessary for the execution and or delivery of goods, services or works.

I further confirm that I am completely satisfied with the scope of Purchase as explained by the SAA representatives, and I am fully aware of all Site conditions and regulations of whatsoever nature that could influence the preparation of our bid.

I therefore append my signature below in agreement that we will not institute any claim against SAA, after submission of our bid based on lack of knowledge of site conditions or regulations appertaining to the execution of the Contract.

For and on behalf of the Bidder, being duly authorised;

_____ _____
Name Date

_____
Signature

For and on behalf of SAA:

Name _____ Date _____

Signature _____

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SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 10

GENERAL CONDITIONS OF CONTRACT
and/or
SPECIAL CONDITIONS OF CONTRACT

FOR

RFP NO.: GSM 021/16

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A STAR ALLIANCE MEMBER

PART 11

PREFERENCE CLAIM FORM

FOR

RFP NO.: GSM 021/16

PREFERENCE POINTS CLAIM FORM IN TERMS OF THE PREFERENTIAL PROCUREMENT REGULATIONS 2011

This preference form must form part of all bids invited. It contains general information and serves as a claim form for preference points for Broad-Based Black Economic Empowerment (B-BBEE) Status Level of Contribution

NB: BEFORE COMPLETING THIS FORM, BIDDERS MUST STUDY THE GENERAL CONDITIONS, DEFINITIONS AND DIRECTIVES APPLICABLE IN RESPECT OF B-BBEE, AS PRESCRIBED IN THE PREFERENTIAL PROCUREMENT REGULATIONS, 2011.

---

1. GENERAL CONDITIONS

1.1 The following preference point systems are applicable to all bids:

- the 80/20 system for requirements with a Rand value of up to R500 000 (all applicable taxes included); and
- the 90/10 system for requirements with a Rand value above R500 000 (all applicable taxes included).

1.2 The value of this bid is estimated to exceed/not exceed R1 000 000 (all applicable taxes included) and therefore the 90/10 system shall be applicable.

1.3 Preference points for this bid shall be awarded for:

(a) Price; and
(b) B-BBEE Status Level of Contribution.

1.3.1 The maximum points for this bid are allocated as follows:

POINTS (insert appropriate points) .....

1.3.1.1 **PRICE (insert appropriate points)** .....

1.3.1.2 **B-BBEE STATUS LEVEL OF CONTRIBUTION** .....

Total points for Price and B-BBEE must not exceed 100

1.4 Failure on the part of a bidder to fill in and/or to sign this form and submit a B-BBEE Verification Certificate from a Verification Agency accredited by the South African Accreditation System (SANAS) or a Registered Auditor approved by the Independent Regulatory Board of Auditors (IRBA) or an Accounting Officer as contemplated in the Close Corporation Act (CCA) together with the bid, will be interpreted to mean that preference points for B-BBEE status level of contribution are not claimed.

1.5. The purchaser reserves the right to require of a bidder, either before a bid is adjudicated or at any time subsequently, to substantiate any claim in regard to preferences, in any manner required by the purchaser.

2. DEFINITIONS

2.1 **"all applicable taxes"** includes value-added tax, pay as you earn, income tax, unemployment insurance fund contributions and skills development levies;

2.2 **"B-BBEE"** means broad-based black economic empowerment as defined in section 1 of the Broad-Based Black Economic Empowerment Act;

2.3 **"B-BBEE status level of contributor"** means the B-BBEE status received by a measured entity based on its overall performance using the relevant scorecard contained in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act;

2.4 **"bid"** means a written offer in a prescribed or stipulated form in response to an invitation by an organ of state for the provision of services, works or goods, through price quotations, advertised competitive bidding processes or proposals;

2.5 **"Broad-Based Black Economic Empowerment Act"** means the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003);

2.6 **"comparative price"** means the price after the factors of a non-firm price and all unconditional discounts that can be utilised have been taken into consideration;

2.7 **"consortium or joint venture"** means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract;

2.8 **"contract"** means the agreement that results from the acceptance of a bid by an organ of state;

2.9 **"EME" or exempt micro enterprise** means any enterprise with an annual turnover of up to R5 million.

2.10 **"Firm price"** means the price that is only subject to adjustments in accordance with the actual increase or decrease resulting from the change, imposition, or abolition of customs or excise duty and any other duty, levy, or tax, which, in terms of the law or regulation, is binding on the contractor and demonstrably has an influence on the price of any supplies, or the rendering costs of any service, for the execution of the contract;

2.11 **"functionality"** means the measurement according to predetermined norms, as set out in the bid documents, of a service or commodity that is designed to be practical and useful, working or operating, taking into account, among other factors, the quality, reliability, viability and durability of a service and the technical capacity and ability of a bidder;

2.12 **"non-firm prices"** means all prices other than "firm" prices;

2.13 **"person"** includes a juristic person;

2.14 **"rand value"** means the total estimated value of a contract in South African currency, calculated at the time of bid invitations, and includes all applicable taxes and excise duties;

2.15 **"sub-contract"** means the primary contractor's assigning, leasing, making out work to, or employing, another person to support such primary contractor in the execution of part of a project in terms of the contract;

2.16 **"total revenue"** bears the same meaning assigned to this expression in the Codes of Good Practice on Black Economic Empowerment, issued in terms of section 9(1) of the Broad-Based Black Economic Empowerment Act and promulgated in the *Government Gazette* on 9 February 2007;

2.17 **"trust"** means the arrangement through which the property of one person is made over or bequeathed to a trustee to administer such property for the benefit of another person; and

2.18 **"trustee"** means any person, including the founder of a trust, to whom property is bequeathed in order for such property to be administered for the benefit of another person.

3. ADJUDICATION USING A POINT SYSTEM

3.1 The bidder obtaining the highest number of total points will be awarded the contract.

3.2 Preference points shall be calculated after prices have been brought to a comparative basis taking into account all factors of non-firm prices and all unconditional discounts;.

1.3 Points scored must be rounded off to the nearest 2 decimal places.

1.4 In the event that two or more bids have scored equal total points, the successful bid must be the one scoring the highest number of preference points for B-BBEE.

1.5 However, when functionality is part of the evaluation process and two or more bids have scored equal points including equal preference points for B-BBEE, the successful bid must be the one scoring the highest score for functionality.

1.6 Should two or more bids be equal in all respects, the award shall be decided by the drawing of lots.

4. POINTS AWARDED FOR PRICE

4.1 THE 80/20 OR 90/10 PREFERENCE POINT SYSTEMS

A maximum of 80 or 90 points is allocated for price on the following basis:

80/20 or 90/10

$$Ps = 80\left(1 - \frac{Pt - P\min}{P\min}\right) \text{ or } Ps = 90\left(1 - \frac{Pt - P\min}{P\min}\right)$$

Where

Ps = Points scored for comparative price of bid under consideration

Pt = Comparative price of bid under consideration

Pmin = Comparative price of lowest acceptable bid

5. Points awarded for B-BBEE Status Level of Contribution

5.1 In terms of Regulation 5 (2) and 6 (2) of the Preferential Procurement Regulations, 2011 preference points must be awarded to a bidder for attaining the B-BBEE status level of contribution in accordance with the table below:

B-BBEE Status Level of Contributor	Number of points (90/10 system)	Number of points (80/20 system)
1	10	20
2	9	18
3	8	16
4	5	12
5	4	8
6	3	6
7	2	4
8	1	2
Non-compliant contributor	0	0

5.2 Bidders who qualify as EMEs in terms of the B-BBEE Act must submit a certificate issued by an Accounting Officer as contemplated in the CCA or a Verification Agency accredited by SANAS or a Registered Auditor. Registered auditors do not need to meet the prerequisite for IRBA's approval for the purpose of conducting verification and issuing EMEs with B-BBEE Status Level Certificates.

5.3 Bidders other than EMEs must submit their original and valid B-BBEE status level verification certificate or a certified copy thereof, substantiating their B-BBEE rating issued by a Registered Auditor approved by IRBA or a Verification Agency accredited by SANAS.

5.4 A trust, consortium or joint venture, will qualify for points for their B-BBEE status level as a legal entity, provided that the entity submits their B-BBEE status level certificate.

5.5 A trust, consortium or joint venture will qualify for points for their B-BBEE status level as an unincorporated entity, provided that the entity submits their consolidated B-B-BEE scorecard as if they were a group structure and that such a consolidated B-B-BEE scorecard is prepared for every separate bid.

5.6 Tertiary institutions and public entities will be required to submit their B-BBEE status level certificates in terms of the specialised scorecard contained in the B-BBEE Codes of Good

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Practice.

5.7 A person will not be awarded points for B-BBEE status level if it is indicated in the bid documents that such a bidder intends sub-contracting more than 25% of the value of the contract to any other enterprise that does not qualify for at least the points that such a bidder qualifies for, unless the intended sub-contractor is an EME that has the capability and ability to execute the sub-contract.

5.8 A person awarded a contract may not sub-contract more than 25% of the value of the contract to any other enterprise that does not have an equal or higher B-BBEE status level than the person concerned, unless the contract is sub-contracted to an EME that has the capability and ability to execute the sub-contract.

6. BID DECLARATION

6.1 Bidders who claim points in respect of B-BBEE Status Level of Contribution must complete the following:

7. B-BBEE STATUS LEVEL OF CONTRIBUTION CLAIMED IN TERMS OF PARAGRAPHS 1.3.1.2 AND 5.1

7.1 B-BBEE Status Level of Contribution: ....3..... = ...8.....(maximum of 10 or 20 points)

(Points claimed in respect of paragraph 7.1 must be in accordance with the table reflected in paragraph 5.1 and must be substantiated by means of a B-BBEE certificate issued by a Verification Agency accredited by SANAS or a Registered Auditor approved by IRBA or an Accounting Officer as contemplated in the CCA), the said certificate may be a certified copy thereof.

8. SUB-CONTRACTING

8.1 Will any portion of the contract be sub-contracted? YES / (NO) (delete which is not applicable)

8.1.1 If yes, indicate:

(I) what percentage of the contract will be subcontracted? .....N/A.....%

(II) the name of the sub-contractor? .....N/A.....

(III) the B-BBEE status level of the sub-contractor? .....N/A.....

(IV) whether the sub-contractor is an EME? YES / NO (delete which is not applicable)

9. DECLARATION WITH REGARD TO COMPANY/FIRM

9.1 Name of firm: Bnf Capital (Pty) Ltd

9.2 VAT registration number : 4230257299

9.3 Company registration number .....2010/011912/07.....

ISI

9.4 TYPE OF COMPANY/ FIRM

Partnership/Joint Venture / Consortium
One person business/sole propriety
Close corporation
✓Company
(Pty) Limited
[TICK APPLICABLE BOX]

9.5 DESCRIBE STATE BUSINESS ACTIVITIES

Financial Advisory and Investments
.....
.....
.....

9.6 COMPANY CLASSIFICATION

Manufacturer
Supplier
✓Professional service provider
Other service providers, e.g. transporter, etc.
[TICK APPLICABLE BOX]

9.7 MUNICIPAL INFORMATION

Municipality where business is situated ..... CoJ .....
Registered Account Number ..... SYS 0041B .....
Stand Number .....

9.8 TOTAL NUMBER OF YEARS THE COMPANY/FIRM HAS BEEN IN BUSINESS?
..... 06 years .....

9.9 I/we, the undersigned, who is / are duly authorised to do so on behalf of the company/firm, certify that the points claimed, based on the B-BBE status level of contribution indicated in paragraph 7 of the foregoing certificate, qualifies the company/ firm for the preference(s) shown and I / we acknowledge that:

(i) The information furnished is true and correct;

(ii) The preference points claimed are in accordance with the General Conditions as indicated in paragraph 1 of this form.

(iii) In the event of a contract being awarded as a result of points claimed as shown in paragraph 7, the contractor may be required to furnish documentary proof to the satisfaction of the purchaser that the claims are correct;

(iv) If the B-BBEE status level of contribution has been claimed or obtained on a fraudulent basis or any of the conditions of contract have not been fulfilled, the purchaser may, in addition to any other remedy it may have –

(a) disqualify the person from the bidding process;

(b) recover costs, losses or damages it has incurred or suffered as a result of that person's conduct;

(c) cancel the contract and claim any damages which it has suffered as a result of having to make less favourable arrangements due to such cancellation;

(d) restrict the bidder or contractor, its shareholders and directors, or only the shareholders and directors who acted on a fraudulent basis, from obtaining business from any organ of state for a period not exceeding 10 years, after the *audi alteram partem* (hear the other side) rule has been applied; and

(e) forward the matter for criminal prosecution

WITNESSES:

1. .....

2. .....

.....
SIGNATURE(S) OF BIDDER(S)

DATE: 14/3/2016

ADDRESS Building G
Tuscany office park
Coombe Place
Rivonia
.....

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 12

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT

FOR

RFP NO.: GSM 021/16

Not applicable for this tender

NOT APPLICABLE ONLY

COMMISSION OF INQUIRY INTO STATE CAPTURE

DECLARATION CERTIFICATE FOR LOCAL PRODUCTION AND CONTENT FOR DESIGNATED SECTORS

This Standard Bidding Document (SBD) must form part of all bids invited. It contains general information and serves as a declaration form for local content (local production and local content are used interchangeably).

Before completing this declaration, bidders must study the General Conditions, Definitions, Directives applicable in respect of Local Content as prescribed in the Preferential Procurement Regulations, 2011, the South African Bureau of Standards (SABS) approved technical specification number SATS 1286:2011 (Edition 1) and the Guidance on the Calculation of Local Content together with the Local Content Declaration Templates [Annex C (Local Content Declaration: Summary Schedule), D (Imported Content Declaration: Supporting Schedule to Annex C) and E (Local Content Declaration: Supporting Schedule to Annex C)].

1. General Conditions

1.1. Preferential Procurement Regulations, 2011 (Regulation 9) makes provision for the promotion of local production and content.

1.2. Regulation 9.(1) prescribes that in the case of designated sectors, where in the award of bids local production and content is of critical importance, such bids must be advertised with the specific bidding condition that only locally produced goods, services or works or locally manufactured goods, with a stipulated minimum threshold for local production and content will be considered.

1.3. Where necessary, for bids referred to in paragraph 1.2 above, a two stage bidding process may be followed, where the first stage involves a minimum threshold for local production and content and the second stage price and B-BBEE.

1.4. A person awarded a contract in relation to a designated sector, may not sub-contract in such a manner that the local production and content of the overall value of the contract is reduced to below the stipulated minimum threshold.

1.5. The local content (LC) expressed as a percentage of the bid price must be calculated in accordance with the SABS approved technical specification number SATS 1286: 2011 as follows:

$$LC = [1 - x / y] * 100$$

Where
x is the imported content in Rand
y is the bid price in Rand excluding value added tax (VAT)

Prices referred to in the determination of x must be converted to Rand (ZAR) by using the exchange rate published by South African Reserve Bank (SARB) at 12:00 on the date of advertisement of the bid as indicated in paragraph 4.1 below.

The SABS approved technical specification number SATS 1286:2011 is accessible on http:/www.thedti.gov.za/industrial development/ip.jsp at no cost.

1.6 A bid may be disqualified if –

(a) this Declaration Certificate and the Annex C (Local Content Declaration: Summary Schedule) are not submitted as part of the bid documentation; and

(b) the bidder fails to declare that the Local Content Declaration Templates (Annex C, D and E) have been audited and certified as correct.

2. Definitions

2.1. **"bid"** includes written price quotations, advertised competitive bids or proposals;

2.2. **"bid price"** price offered by the bidder, excluding value added tax (VAT);

2.3. **"contract"** means the agreement that results from the acceptance of a bid by an organ of state;

2.4. **"designated sector"** means a sector, sub-sector or industry that has been designated by the Department of Trade and Industry in line with national development and industrial policies for local production, where only locally produced services, works or goods or locally manufactured goods meet the stipulated minimum threshold for local production and content;

2.5. **"duly signed"** in relation to a Declaration Certificate for Local Content means the said document has been signed by the Chief Financial Officer or other legally responsible person nominated in writing by the Chief Executive, or senior member / person with management responsibility(close corporation, partnership or individual).

2.6. **"imported content"** means that portion of the bid price represented by the cost of components, parts or materials which have been or are still to be imported (whether by the supplier or its subcontractors) and which costs are inclusive of the costs abroad (this includes labour or intellectual property costs), plus freight and other direct importation costs, such as landing costs, dock duties, import duty, sales duty or other similar tax or duty at the South African port of entry;

2.7. **"local content"** means that portion of the bid price which is not included in the imported content, provided that local manufacture does take place;

2.8. **"stipulated minimum threshold"** means that portion of local production and content as determined by the Department of Trade and Industry; and

2.9. **"sub-contract"** means the primary contractor's assigning, leasing, making out work to, or employing another person to support such primary contractor in the execution of part of a project in terms of the contract.

3. **The stipulated minimum threshold(s) for local production and content (refer to Annex A of SATS 1286:2011) for this bid is/are as follows:**

Description of services, works or goods	Stipulated minimum threshold
Corporate Advisory	100 %
	%
	%

4. Does any portion of the services, works or goods offered have any imported content?
(***Tick applicable box***)

YES		NO	✓

4.1 If yes, the rate(s) of exchange to be used in this bid to calculate the local content as prescribed in paragraph 1.5 of the general conditions must be the rate(s) published by SARB for the specific currency at 12:00 on the date of advertisement of the bid.

The relevant rates of exchange information is accessible on www.reservebank.co.za.

Indicate the rate(s) of exchange against the appropriate currency in the table below (refer to Annex A of SATS 1286:2011):

Currency	Rates of exchange
US Dollar	
Pound Sterling	
Euro	
Yen	
Other	Rand

NB: Bidders must submit proof of the SARB rate (s) of exchange used.

5. Were the Local Content Declaration Templates (Annex C, D and E) audited and certified as correct?
(***Tick applicable box***)

YES		NO	✓

5.1. If yes, provide the following particulars:

(a) Full name of auditor: ..... N/A .....

(b) Practice number: ..... N/A .....

IP

(c) Telephone and cell number: ..... N/A .....

(d) Email address: ..... N/A .....

(Documentary proof regarding the declaration will, when required, be submitted to the satisfaction of the Accounting Officer / Accounting Authority)

6. Where, after the award of a bid, challenges are experienced in meeting the stipulated minimum threshold for local content the dti must be informed accordingly in order for the dti to verify and in consultation with the AO/AA provide directives in this regard.

LOCAL CONTENT DECLARATION
(REFER TO ANNEX B OF SATS 1286:2011)

LOCAL CONTENT DECLARATION BY CHIEF FINANCIAL OFFICER OR OTHER LEGALLY RESPONSIBLE PERSON NOMINATED IN WRITING BY THE CHIEF EXECUTIVE OR SENIOR MEMBER/PERSON WITH MANAGEMENT RESPONSIBILITY (CLOSE CORPORATION, PARTNERSHIP OR INDIVIDUAL)

IN RESPECT OF BID NO. ..... N/A .....

ISSUED BY: (Procurement Authority / Name of Institution):
..... N/A .....

NB

1 The obligation to complete, duly sign and submit this declaration cannot be transferred to an external authorized representative, auditor or any other third party acting on behalf of the bidder.

2 Guidance on the Calculation of Local Content together with Local Content Declaration Templates (Annex C, D and E) is accessible on http://www.thedti.gov.za/industrial_development/ip.jsp. Bidders should first complete Declaration D. After completing Declaration D, bidders should complete Declaration E and then consolidate the information on Declaration C. **Declaration C should be submitted with the bid documentation at the closing date and time of the bid in order to substantiate the declaration made in paragraph (c) below.** Declarations D and E should be kept by the bidders for verification purposes for a period of at least 5 years. The successful bidder is required to continuously update Declarations C, D and E with the actual values for the duration of the contract.

I, the undersigned, ... N/A ..... (full names),
do hereby declare, in my capacity as ....
of ..... N/A .....(name of bidder entity), the following:

(a) The facts contained herein are within my own personal knowledge.

(b) I have satisfied myself that:

(i) the goods/services/works to be delivered in terms of the above-specified bid comply with the minimum local content requirements as specified in the bid, and as measured in terms of SATS 1286:2011; and

(ii) the declaration templates have been audited and certified to be correct.

(c) The local content percentage (%) indicated below has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E which has been consolidated in Declaration C:

Bid price, excluding VAT (y)	R
Imported content (x), as calculated in terms of SATS 1286:2011	R
Stipulated minimum threshold for local content (paragraph 3 above)	
Local content %, as calculated in terms of SATS 1286:2011	

If the bid is for more than one product, the local content percentages for each product contained in Declaration C shall be used instead of the table above.
The local content percentages for each product has been calculated using the formula given in clause 3 of SATS 1286:2011, the rates of exchange indicated in paragraph 4.1 above and the information contained in Declaration D and E.

(d) I accept that the Procurement Authority / Institution has the right to request that the local content be verified in terms of the requirements of SATS 1286:2011.

(e) I understand that the awarding of the bid is dependent on the accuracy of the information furnished in this application. I also understand that the submission of incorrect data, or data that are not verifiable as described in SATS 1286:2011, may result in the Procurement Authority / Institution imposing any or all of the remedies as provided for in Regulation 13 of the Preferential Procurement Regulations, 2011 promulgated under the Preferential Policy Framework Act (PPPFA), 2000 (Act No. 5 of 2000).

SIGNATURE: _____ **DATE:** _____
WITNESS No. 1 _____ **DATE:** _____
WITNESS No. 2 _____ **DATE:** _____

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

PART 13

CERTIFICATE OF INDEPENDENT BID DETERMINATION

FOR

RFB NO.: GSM 021/16

COMMISSION OF INQUIRY INTO STATE CAPTURE

1 This Standard Bidding Document (SBD) must form part of all bids[1] invited.

2 Section 4 (1) (b) (iii) of the Competition Act No. 89 of 1998, as amended, prohibits an agreement between, or concerted practice by, firms, or a decision by an association of firms, if it is between parties in a horizontal relationship and if it involves collusive bidding (or bid rigging).[2] Collusive bidding is a *per se* prohibition meaning that it cannot be justified under any grounds.

3 Treasury Regulation 16A9 prescribes that accounting officers and accounting authorities must take all reasonable steps to prevent abuse of the supply chain management system and authorises accounting officers and accounting authorities to:

a. disregard the bid of any bidder if that bidder, or any of its directors have abused the institution's supply chain management system and or committed fraud or any other improper conduct in relation to such system.

b. cancel a contract awarded to a supplier of goods and services if the supplier committed any corrupt or fraudulent act during the bidding process or the execution of that contract.

4 This SBD serves as a certificate of declaration that would be used by institutions to ensure that, when bids are considered, reasonable steps are taken to prevent any form of bid-rigging.

5 In order to give effect to the above, the attached Certificate of Bid Determination must be completed and submitted with the bid:

[1] Includes price quotations, advertised competitive bids, limited bids and proposals.
[2] Bid rigging (or collusive bidding) occurs when businesses, that would otherwise be expected to compete, secretly conspire to raise prices or lower the quality of goods and / or services for purchasers who wish to acquire goods and / or services through a bidding process. Bid rigging is, therefore, an agreement between competitors not to compete.

I, the undersigned, in submitting the accompanying bid: RFP GSM 021/16 Appointment of a transaction Adviser To provide Francial Advice to SAA

(Bid Number and Description)

in response to the invitation for the bid made by:

South African Airways

(Name of Institution)

do hereby make the following statements that I certify to be true and complete in every respect:

I certify, on behalf of: BnP Capital (Pty) Ltd that:

(Name of Bidder)

1. I have read and I understand the contents of this Certificate;
2. I understand that the accompanying bid will be disqualified if this Certificate is found not to be true and complete in every respect;
3. I am authorized by the bidder to sign this Certificate, and to submit the accompanying bid, on behalf of the bidder;
4. Each person whose signature appears on the accompanying bid has been authorized by the bidder to determine the terms of, and to sign the bid, on behalf of the bidder;
5. For the purposes of this Certificate and the accompanying bid, I understand that the word "competitor" shall include any individual or organization, other than the bidder, whether or not affiliated with the bidder, who:

   (a) has been requested to submit a bid in response to this bid invitation;
   (b) could potentially submit a bid in response to this bid invitation, based on their qualifications, abilities or experience; and
   (c) provides the same goods and services as the bidder and/or is in the same line of business as the bidder

6. The bidder has arrived at the accompanying bid independently from, and without consultation, communication, agreement or arrangement with any competitor. However communication between partners in a joint venture or consortium[3] will not be construed as collusive bidding.
7. In particular, without limiting the generality of paragraphs 6 above, there has been no consultation, communication, agreement or arrangement with any competitor regarding:
   (a) prices;
   (b) geographical area where product or service will be rendered (market allocation)

(c) methods, factors or formulas used to calculate prices;

(d) the intention or decision to submit or not to submit, a bid;

(e) the submission of a bid which does not meet the specifications and conditions of the bid; or

(f) bidding with the intention not to win the bid.

8. In addition, there have been no consultations, communications, agreements or arrangements with any competitor regarding the quality, quantity, specifications and conditions or delivery particulars of the products or services to which this bid invitation relates.

9. The terms of the accompanying bid have not been, and will not be, disclosed by the bidder, directly or indirectly, to any competitor, prior to the date and time of the official bid opening or of the awarding of the contract.

[3] Joint venture or Consortium means an association of persons for the purpose of combining their expertise, property, capital, efforts, skill and knowledge in an activity for the execution of a contract.

10. I am aware that, in addition and without prejudice to any other remedy provided to combat any restrictive practices related to bids and contracts, bids that are suspicious will be reported to the Competition Commission for investigation and possible imposition of administrative penalties in terms of section 59 of the Competition Act No 89 of 1998 and or may be reported to the National Prosecuting Authority (NPA) for criminal investigation and or may be restricted from conducting business with the public sector for a period not exceeding ten (10) years in terms of the Prevention and Combating of Corrupt Activities Act No 12 of 2004 or any other applicable legislation.

Signature ..... Date 14/3/2016

Director ..... BNP Capital (Pty) Ltd

Position Name of Bidder

COMMISSION OF INQUIRY
INTO STATE CAPTURE

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SOUTH AFRICAN AIRWAYS

South African Airways
Room 402, Block A
Airways Park, Jones Road
Kempton Park

Private Bag X13
O.R. Tambo International Airport
Republic of South Africa, 1627

Tel: 27 11 978-1629
Fax: 27 11 978-5204

Email: sibusisomatsaudza@flysaa.com

20 March 2016

BnP Capital (Pty) Ltd
Private Bag X43
Sunninghill
Sandton
2157

Attention: Daniel Mahlangu

GSM021/16 PROVISION OF FINANCIAL ADVISORY SERVICES

Dear Sir/Madam

South African Airways (SOC) Ltd ("SAA") would like to congratulate BnP Capital (Pty) Ltd on being awarded the contract for the Provision of Financial Advisory Services as specified by the scope of services for the aforesaid tender, at a total cost of R2 689 830.00 including VAT.

Kindly note that this Letter of Award (LOA) is subject to the following conditions:

This LOA does not constitute a contract between SAA and BnP Capital (Pty) Ltd since a binding contract will only be in place upon final conclusion and signature of the required Agreement(s).

1. This LOA sets forth our understanding of the terms and conditions of our engagement, and the nature and scope of the services to be provided to SAA, in order to ensure that both parties are aware of their responsibilities in relation to this engagement.
2. LOA and any other correspondence dealing with the subject matter, constitutes the essential elements of the terms of our engagement up to and including the date of final conclusion and signature of the Agreement(s). In the event of any inconsistency, the Agreement(s) shall prevail.
3. Any services rendered by BnP Capital (Pty) Ltd prior to the signing of the agreement (s), will be governed by SAA's General Conditions of Contract.

We hereby extend our congratulations to BnP Capital (Pty) Ltd and look forward to a mutually beneficial business relationship.

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No 1997/022444/30

A STAR ALLIANCE MEMBER

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Kindly signify your acceptance of this Letter of Award by signing below and by returning the same to Silas Matsaudza via the following e-mail: silesmatsaudza@flysaa.com.

Should you require any further information and clarification regarding the contents hereof, kindly contact Silas Matsaudza.

Yours faithfully,

Lester Peter
Acting Chief Procurement Officer (CPO
South African Airways SOC Ltd ("SAA")

Accepted and agreed to by BnP Capital (Pty) Ltd

By: _____
Who warrents that s/he is duly authorised

Full Names: Pholisani Daniel Mahlangu

Designation: Director

Date: 25/04/2016

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-426
CSB 32

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

Final Supplier Selection Recommendation for: Appointment of A Transaction Advisor to provide Financial Advisory Services to SAA GSM021/16

Global Supply Management

15 April 2016

COMMISSION OF INQUIRY INTO STATE CAPTURE

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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Summary of Evaluation

Detailed evaluation worksheets are available for review.

ACTIVITY	DETAIL
Tender ref no.	RFP-GSM 021/16
Advertising date (Sunday Times)	11 March 2016
Compulsory briefing session	NO
Closing date	18 March 2016
Validity period from the closing date	180 days
Number of responses received on time	Seven (7)
Names of bidders who responded	• Nedbank • Regiments • Cinga Holdings • Deloitte • Pamoja Nisela Capital • Basis Points Capital • BnP Capital
Late responses	No late responses were received
Was the Tax Clearance Certificate Valid by closing date?	Yes
Was the B-BBEE Certificate Valid by closing date?	Yes
Approved budget	To be financed by the CFO's cost centre.

1. Purpose

To obtain BAC support to appoint a Transaction Advisor to provide financial advisory services to SAA

2. Background

SAA requires the services of a Transaction Advisor to provide financial advice on the funding options available to SAA. The Transaction Advisor is expected to provide the following financial advisory services;

IP

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R15 billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's operating costs is U$D denominated. With the new 5 A330s that will commence shortly, will result in an increase in this exposure, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

The Bid Evaluation Committee (BEC) has completed the evaluation of the proposals and is requesting for BAC support to award the contract for the provision of financial advisory services to SAA.

3. Objective of the Project

The objective of the project is to appoint a Transaction Advisor to provide financial advisory services to SAA.

4. Scope of Work

The scope of work entails the provision of financial advisory services to SAA in relation to SAA's funding options.

5. Contract Duration

The contract is project based. The recommended service provider's projected timeline is four (4) to eight (8) weeks, including the finalisation of credit and legal processes and agreements.

6. BEC members

Name & Surname	Designation	Division	Signatures
Khomotso Chadi	Compliance & Corporate Governance Specialist	Legal, Risk and Compliance	
Silas Matsaudza	Commodity Manager	GSM	
Thami Ntiwane	Chief dealer	Finance	
Themba Sikhosana	Legal Advisor	Legal	

Note: All the aforesaid supported this BAC recommendation.

7. Critical Criteria and Functional Criteria with Weightings

The BAC approved the following critical criteria and the evaluation criteria on 11 March 2016.

7.1. Critical Criteria

PHASE 1 - CRITICAL CRITERIA EVALUATION

CRITICAL CRITERIA: None Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	**COMPLY**	
	YES	NO
❒ **Financial Services Board Licence:** The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.	☐	☐

7.2 Functional Criteria & Weightings

PHASE 2 - FUNCTIONAL CRITERIA EVALUATION

PHASE 2	
FUNCTIONAL CRITERIA	**100%**
❒ **Demonstrable Experience:** The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to **Annexure A, table (a)** of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the	

client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery. **Note:** The following scoring matrix will be used to evaluate this criterion: • Three (3) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(30 points).** • Two (2) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(20 points).** • One (1) project supported by a testimonial on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(10 points).**	30%
☐ **Proposed Methodology:** The bidding entity must demonstrate how, in a time and cost effective manner, it will conduct the following: • Analyse the SAA loan agreements **(8 points)** • Determine any inefficiency in the total funding of SAA **(8 points).** • Advise SAA on how to restructure its balance sheet through the settlement on inefficient loans **(8 points);** • Advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet **(8 points);** and • Analyse the SAA's leases **(8 points)** **Note:** The following three (3) point scale will be used to score the bidder's submission on the above elements: • 0 - Do not meet expectations • 2 - Partially meet expectations • 4 - Meets expectations	40%

❒ **Experience, Skills and Qualifications of the Team/Individual:** The proposed team/individual must have relevant skills, qualifications and experience, and must have played key roles in **at least three similar projects** (*analysis of loans, restructure of balance sheet and analysis of leases).* Please refer to **Annexure A, table (b)** of this document for the format in which the required information must be provided. Detailed Curriculum Vitae of the proposed transactions advisor/team must clearly highlight the areas of experience *(including but not limited to those cited in Annexure A, table (b))* and competence relevant to the tasks and objectives of the project as outlined in the scope of work. **Note:** The following scoring matrix will be used to evaluate this criterion: • Relevant qualifications* and at least five (5) years' experience in executing similar projects **(30 points).** • Relevant qualifications* and at least three (3) year experience in executing similar projects **(20 points).** • Relevant qualifications* and less than three (3) year experience in executing similar projects **(10 points).** **Relevant experience accounts for 75% of the allocated points*	30%
TOTAL:	
THRESHOLD (informed by potential Risk), established out of 100% assigned to Functionality):	**75%**

7.3 Price and B-BBEE

EVALUATION ELEMENTS	
Price	90.00
B-BBEE	10.00
TOTAL	100.00

8. Evaluation Process

8.1 Critical criteria

Five (5) out of the seven (7) bidders that responded to the Request for Proposals proceeded to Phase Two (2) of the evaluation process. A detailed evaluation sheet indicating each bidder's compliance with Phase One (1) requirements is attached as Annexure A.

J.P

8.2 Functional Evaluation Summary

Bidders that failed to meet the set threshold of seventy five (75) percent are indicated in Annexure A attached. Those that met the set threshold for functionality are also indicated in Annexure A.

9. Pricing Schedule

The schedule indicating each bidder's proposal on pricing is attached as Annexure A.

10. Financial Information

The results of the financial statement analysis are attached as Annexure B.

11. Consolidated Scores for Price and B-BBEE

Phase 3: Price and BBBEE	Weight	Nedbank	Regiments	Nisela Capital	BPS	BNP
BBBEE	10	9	9	5	10	8
Price	90	-125.2	79.6	-106.1	38.8	90
Total Evaluation Score	**100**	**-116.1**	**88.1**	**-101.1**	**48.8**	**98**

12. Details of all acceptable bidders

Details of the acceptable bidders are indicated in Annexure C attached.

13. Risks and mitigation factors

The risk associated with contracting BnP Capital (Pty) Ltd is allayed by the fact that the agreement is not a supply contract that requires a capital outlay. The capability to deliver is embedded in the proposed team and the bidder's experience, hence the 100% score on functionality.

14. Approval Process Required

- BAC support
- CEO approval

IP

15. Details of the Recommended Bidder

Name of the awarded bidder	BnP Capital (Pty) Ltd
Company registration number	2010/011912/07
VAT registration number	4230257299
BBBEE Level	3
% Black Ownership	100
% Black Women Ownership	0
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	GEN

16. National Treasury Register for Tender Defaulters and Database of Restricted Suppliers

As at 12 April 2016 GSM has verified that BnP Capital (Pty) Ltd is not listed as one of the defaulters or restricted suppliers.

17. Attach a list of suppliers approached from the Supplier Database as per the Ring-fenced list

The provision of financial advice to SAA is not part of the ring fenced requirements.

18. Final Recommendation

It is hereby recommended that the BAC support the Bid Evaluation Committee's request to appoint BnP Capital (Pty) Ltd, to provide financial advisory services to SAA, at an estimated total cost of R2 689 830.00, VAT included.

19. Signatures

1. Compiled and verified that the tender process and this submission are in line with the SAA SCM Policy:

Silas Matsaudza
Commodity Manager

12-04-2016
Date

2. Confirmation of budget or corrective measure to ensure no overspend:

(NOT BUDGETED FOR)

Faizal Peer
Financial Controller: Shared Services

1/4/16
Date

IP

3. Recommended by:

Cynthia Stimpel
Group Treasurer

Date

Rhumeza Nhantsi
Interim CFO

12/4/2016
Date

The budget will be catered for under CFO's Cost Centre.

4. Supported by:

Mzolisi Rungqu
Manager: Operational Compliance

Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE A

CRITICAL CRITERIA: None Weighted, Mandatory requirements to be met, for the Bidder's submission to qualify. Bidder, who will not meet all the below mentioned requirements will be disqualified:	COMPLY		Nedbank	Regiment	Cinga Holdings	Deloitte	Nisela	BPS	BNP
	YES	NO							
☐ **Financial Services Board Licence:** The bidding entity must be licenced as a financial services provider by the Financial Services Board. A copy of the certificate from the Financial Services Board indicating the licence number for the bidding entity must be provided with the proposal.	☐	☐	YES	YES	NO	NO	YES	YES	YES
PHASE 2									
FUNCTIONAL CRITERIA	**100%**								
☐ **Demonstrable Experience:** The bidding entity must demonstrate experience in the provision of financial advisory services to corporate entities/state owned companies/local authorities. Details of three projects the bidder has successfully executed in the last (5) years must be provided with the proposal. Please refer to **Annexure A, table (a)** of this document for the format in which the required information must be provided. The information provided in response to the above requirement must be supported by duly signed testimonial letters on the client's letter head indicating contact details of the client, the work done, period of work done and testifying satisfactory service delivery. **Note**: The following scoring matrix will be used to evaluate this criterion: Three (3) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(30 points).** Two (2) projects supported by testimonials on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(20 points).** One (1) project supported by a testimonial on the client's letterhead confirming the success rate of the executed financial services and how it improved the cited company twelve (12) months later **(10 points).**	**30%**		**30**	**30**	**30**	**N/A**	**30**	**30**	**30**
☐ **Proposed Methodology:** The bidding entity must demonstrate how, in a time and cost effective manner, it will conduct the following: Analyse the SAA loan agreements; **(8 points)** Determine any inefficiency in the total funding of SAA **(8 points).** Advise SAA on how to restructure its balance sheet through the settlement on inefficient loans **(8 points);** Advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet **(8 points);** and Analyse the SAA's leases **(8 points)** **Note:** The following three (3) point scale will be used to score the bidder's submission on the above elements: 0 - Do not meet expectations 2 - Partially meet expectations 4 - Meets expectations	**40%**		**40**	**40**	**N/A**	**N/A**	**32**	**40**	**40**
☐ **Experience, Skills and Qualifications of the Team/Individual:** The proposed team/individual must have relevant skills, qualifications and experience, and must have played key roles in **at least three similar projects** (*analysis of loans, restructure of balance sheet and analysis of leases).* Please refer to **Annexure A, table (b)** of this document for the format in which the required information must be provided. Detailed Curriculum Vitae of the proposed transactions advisor/team must clearly highlight the areas of experience *(including but not limited to those cited in Annexure A, table (b))* and competence relevant to the tasks and objectives of the project as outlined in the scope of work. **Note:** The following scoring matrix will be used to evaluate this criterion: Relevant qualifications* and at least five (5) years' experience in executing similar projects **(30 points).** Relevant qualifications* and at least three (3) year experience in executing similar projects **(20 points).** Relevant qualifications* and less than three (3) year experience in executing similar projects **(10 points).** **Relevant experience accounts for 75% of the allocated points*	30%		**30**	**30**	**N/A**	**N/A**	**30**	**30**	**30**
TOTAL:									
THRESHOLD (informed by potential Risk), established out of 100% assigned to Functionality):	**75%**		**100**	**100**	**N/A**	**N/A**	**92**	**100**	**100**
Total Project Cost incl. VAT			R 9 120 000.00	R 3 000 000.00	N/A	N/A	R 8 550 000.00	R 4 218 962.16	R 2 689 830.00
BEEE Level			2	2	N/A	N/A	4	1	3
Pricing Score			-125.1493961	79.62190919	N/A	N/A	-106.0775588	38.83621106	90
BEEE Score			9	9	N/A	N/A	5	10	8
TOTAL SCORES			**-116.1493961**	**88.62190919**	N/A	N/A	**-101.0775588**	**48.83621106**	**98**

BID EVALUATION COMMITTIEE MEMBERS	SIGNATURE
Silas Matsaudza	
Thamie Ntiwane	
Khomotso Chadi	
Themba Sikhosana	

FINANCIAL ASSESSMENT - SUMMARY

	Contracting party	Current supplier?	JV? (yes/ No)	Risk	Conditions for acceptance
Bidder 1	Nedbank	Yes		Low	
	We were presented with the Audited Financial Statements for the financial year ended 31 December 2014. The Directors report was signed. The Auditors report is available for inspection at the registered office of Nedbank. The Auditors expressed an unmodified audit opinion in accordance with IFRS and requirements of the Companies Act. The entity's liquidity ratio is 1.1 and the solvency ratio is 1.1. The debt equity ratio is 10.4 which indicates that the entity has substantial debt financing. The company made profits in the past 2 financial years presented. The once off payment, contract value accounts for less than 1% of the entity's current annual revenue. Nedbank is a reputable and recognised financial institution and a JSE listed entity. Based on the above, the risk for this bidder has been assessed as LOW.				
Bidder 2	Regiments	Yes			
	We were presented with the Audited Financial Statements for the financial year ended 28 February 2015. The Directors and Auditors reports were signed. The entity received an unqualified opinion. The entity's liquidity ratio is 0.9 and the solvency ratio is 1.9. The debt equity ratio is 1.1 which indicates that the entity has minimal debt financing. The company made a profit in the past 2 financial years presented. The once off payment, contract value accounts for approximately 1% of the entity's current annual revenue. Based on the above, the risk for this bidder has been assessed as LOW.				
Bidder 3	Nisela Capital			Medium	
	We were presented with the Independently Reviewed Financial Statements for the financial year ended 29 February 2016. The Directors and Independent Reviewers reports were signed. Financials reviewed in accordance with the IFRS for small and medium sized entities and the requirements of the Companies Act 71 of 2008. No Audit is required by the Act and no Audit was conducted. The Financial statements are in agreement with the accounting records. The entity's liquidity ratio is 2.7 and the solvency ratio is 2.4. The debt equity ratio is 0.7 which indicates that the entity has minimal debt financing. The company made a profit in the past 2 financial years presented. The once off payment, contract value accounts for approximately 19% of the entity's current annual revenue. Based on the above, the risk for this bidder has been assessed as MEDIUM.				
Bidder 4	BPS Capital				
	We were presented with the Audited Financial Statements for the financial year ended 28 February 2015. The Directors and Auditors reports were signed. The entity received an unqualified opinion. The entity's liquidity ratio is 13.5 and the solvency ratio is 5.7. The debt equity ratio is 0 which indicates that the entity has minimal debt financing. The company made a profit in the past 2 financial years presented. The once off payment, contract value accounts for approximately 9% of the entity's current annual revenue. Based on the above, the risk for this bidder has been assessed as LOW.				
Bidder 5	BNP Capital				
	We were presented with the Audited Financial Statements for the financial year ended 28 February 2015. The Directors and Auditors reports were signed. The entity received an unqualified opinion. The entity's liquidity ratio is 4.1 and the solvency ratio is 1.1. The debt equity ratio is 17 which indicates that the entity has substantial debt financing. The company made profits in the past 2 financial years presented. The once off payment, contract value accounts for approximately 87% of the entity's current annual revenue. Based on the above, the risk for this bidder has been assessed as HIGH.				

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ANNEXURE 6

CASS-437

ANNEXURE C

Name of the awarded bidder	Nedbank Limited
Company registration number	1951/000009/06
VAT registration number	4320116074
BBBEE Level	2
% Black Ownership	42.94
% Black Women Ownership	18.65
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	GEN

Name of the awarded bidder	Regiments Capital (Pty) Ltd
Company registration number	2004/023761/07
VAT registration number	
BBBEE Level	2
% Black Ownership	68
% Black Women Ownership	24.5
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	GEN

Name of the awarded bidder	Pamoja Nisela Trading
Company registration number	2006/016727/07
VAT registration number	
BBBEE Level	4
% Black Ownership	75.5
% Black Women Ownership	0
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	GEN

Name of the awarded bidder	Basis Points Capital
Company registration number	2007/025336/07
VAT registration number	
BBBEE Level	1
% Black Ownership	100
% Black Women Ownership	0
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	QSA

TP

Name of the awarded bidder	BnP Capital (Pty) Ltd
Company registration number	2010/011912/07
VAT registration number	4230257299
BBBEE Level	3
% Black Ownership	100
% Black Women Ownership	0
% Black Youth Owned	0
% Black People with Disabilities	0
% Black People Living in Rural Areas	0
Size of the company (EME, QSE or GEN.)	GEN

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INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Email: companysecretary@flysaa.com

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B11: EXTENSION OF SCOPE OF A TRANSACTION ADVISOR

The Board by Round Robin 2016/B11 as of 21 April 2016 2016 RESOLVED to approve the extension of the scope of a Transaction Advisor to include sourcing of funding of R15bn for South African Airways.

Certified a true copy.

Mabana Makhakhe
Deputy Company Secretary
Date:

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

Directors

DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nkuhlu (Interim Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

To:	**SAA BOARD OF DIRECTORS**
From:	**INTERIM CFO**
Date:	**19 APRIL 2016**

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B11: EXTENSION OF SCOPE OF A TRANSACTION ADVISOR

PURPOSE

The purpose of this submission is to request the SAA Board of Directors to approve extension of the scope of a Transaction Advisor to include sourcing of funding of R15bn for South African Airways.

BACKGROUND AND MOTIVATION

For further information in this regard, the Board members are referred to the accompanying submission marked **Annexure "A"**

RECOMMENDATION

It is accordingly recommended that the SAA Board of Directors approves the extension of the scope of a Transaction Advisor to include sourcing of funding of R15bn for South African Airways.

NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*
Musa M. Zwane	X		

SIGNED: _____ DATE: 20/04/2016

CASS-442
CSB 34

CS21

Carina Botha

From: Cynthia Stimpel <cynthiastimpel@gmail.com>
Sent: 01 August 2016 11:09
To: Carina Botha; Cynthia Stimpel

2016/05/11, 8:15:31 PM: Cynthia Stimpel: Dear Avril and Ravesh. I am away from the office - currently in France walking a small Camino. This message is a whistle blowing message. My apologies that I gave to send by SMS but will do a formal email or letter. Last week the ICFO wanted me to sign a document for approval to go to the BAC - to sign for extension of scope for a Transaction Advisor (TA). The fee for the TA is 2% of the quantum of R15 Bn. Background: The ICFO handled the process for the FDC transaction on her own. We as CFST for Funding requested information on a regular basis. The last meeting was on 20 April 2016 whereby we wanted to close the RFP and and continue with the rolling of the existing debt. The ICFO stated that there was no conclusion with the FDC deal and hence would like to extend the scope of the TA. And told us to not close the RFP and give her one week. There was an initial RFI for the TA in Feb/ Mar (I was not involved) and then an RFP, (I was not involved but asked to sign the doc for the BAC and I argued the Criteria). While I was away with my Mother in Law passing away - The criteria was approved by BAC and advertised for one week and a TA was selected. Clients experience did not show it could do funding, however client was involved with PRASA and Rea Veya and some big projects. The TA chosen - the fee was R2.8 million. The lowest. Clients like Deloittes were declined because they did not have a FSB license. Part of criteria. However, the TA has now been chosen, and in our meeting of 20 April the ICFO states to increase the scope and she will ask Board for approval. Apparently Board gave approval. Therefore I was called in on Friday morning on 6 May and given the background by the ICFO that the Board approved the scope of the TA and the Procurement Dept said it could be confined to this particular TA. The document was ready and she wanted me to sign. I refused - I said that so was not comfortable and that the amount was calculated incorrectly. It was calculated on 2% on R15bn making it a few of R300 million. I stated that the banks use only pips from. 25 to perhaps 35 bps to calculate arrangement fees. She said she checked with the Accounting firms and they agree with her. I stated that we are tasked to save R400 million in our BSC for SAA but if we spend R300 million we have achieved nothing. She stated that I must take emotion out of it and check the interest we have paid to date. I gave her the actual figures of R960 million in interest for the last financial year. The forecasted figure is R1.2 billion in interest. I stated that the calculation is wrong and unethical and she should discuss with The client. I left to come to France and Michael has my DOA. He send me a message today saying that Phumeza has put him under pressure to sign the doc - which he did and it will go to the BAC for approval. We have never paid such a high few before and I still disagree with the concept of having a TA to do what we have already done - sending out an RFP to source funding. I am available at certain times on WharsApp. Kindly advise who else I should let know about this. Thanks and regards. Cynthia 2016/05/11, 11:24:09 PM: Cynthia Stimpel: The success fee has now been changed to 1.5%. If they dont get funding below 7% then no payment. I think the chance is slim. Lester (CPO) was adament that its a new award and it is warranted because of the urgency and the fact that we have not managed to raise the funding to date. We hope that the CFO and Board bears the responsibility. Michael said he signed the BAC doc as I was not there and the ICFO has put him under pressure. Best regards. Cynthia

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-444
CSB 35

SOUTH AFRICAN AIRWAYS

SAA Submission
SAA Private and Confidential
For internal use only

To:	Bid Adjudication Council (BAC)
From:	Global Supply Management (GSM)
Date:	11 May 2016

REQUEST FOR BAC SUPPORT TO CONFINE AND AWARD THE CONTRACT FOR THE SOURCING OF FUNDS FOR THE SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BnP CAPITAL (PTY) LTD.

PURPOSE

To request for BAC support to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd

BACKGROUND

SAA appointed a Transaction Advisor to provide financial advice on the funding options available. The Transaction Advisor's scope of work includes the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R14billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

After an assessment of the airline's current financial position, the Transaction Advisor pointed out the urgent need to source funds to settle the loans that are about to mature.

MOTIVATION

Loans to the value of R7.3 billion are maturing on 30 June 2016 and SAA is obliged to settle the loans on or before the maturity date. Due to time constraint, the only feasible approach is to engage the appointed Transaction Advisor to urgently source the funds required to settle the loans. Sourcing of funds was not included in the Transaction Advisor's scope of work as SAA believed that funds could be successfully sourced without the Transaction Advisor's assistance. The outcome of SAA's efforts to secure funding without the assistance of the Transaction Advisor in the market has proved otherwise. It is against this background that, GSM on behalf of the Business Unit is requesting for BAC support to confine and award the contract for the sourcing of funds to settle the loans maturing on 30 June 2016 to BnP Capital (Pty) Ltd. A duly signed confinement declaration form is attached as Annexure A.

FINANCIAL IMPLICATION

The industry norm is that Transaction Advisors charge a success fee ranging from two (2) to three (3) percent of the funds sourced and SAA negotiated the percentage with the Transaction Advisor. The two parties settled for a success fee of one point five (1.5) percent should BnP Capital (Pty) Ltd be tasked to urgently source the funds.

Indicated below is the projected success fee to be paid to BnP Capital (Pty) Ltd if the Transaction Advisor succeeds in sourcing the R15 billion required to settle all the loans. The success fees will not be a once off payment. The terms will be negotiated with the Transaction Advisor to ensure that the payments of the success fee are staggered.

TOTAL FUNDING REQUIRED	NEGOTIATED SUCCESS RATE	PROJECTED SUCCESS FEE
R 15 000 000 000.00	0.015	R 225 000 000.00

COUNTER PARTY

- GSM
- Finance

RISK

If the required funds are not secured urgently, SAA will not be able to meet its financial obligations. This has serious implications on the airlines going concern status.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO support
- FIPCO support
- SAA Board approval

NATIONAL TREASURY DATABASE OF RESTRICTED SUPPLIERS

As at 11 May 2016, GSM has verified that BnP Capital (Pty) Ltd is not listed as one of the restricted suppliers.

RECOMMENDATION

It is recommended that the BAC support the request to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R256 500 000.00 including VAT.

SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:

Silas Matsaudza
Commodity Manager

11-05-2016
Date

2. Confirmation of budget or corrective measure to ensure no overspend:

Faiza Peer
Financial Controller: Shared Services

11/5/16
Date

3. Recommended by:

~~Cynthia Stimpel~~ Michael Klein
~~Group Treasurer~~
Acting Group Treasurer

11/5/2016
Date

Recommended under the premise that the company is under pressure to refund funding

Thulmeza Nhantsi
Interim CFO

11/5/2016
Date

I recommend and this will be approved provided the interest rate that the company incur will be favourable (5.5% - 7%)

4. Supported by:

Mpolisi Rungqu
Manager: Operational Compliance

11/05/2016
Date

Tender No.: N/A	
Tender Name: Sourcing of Funds for the SAA group	
Commodity Manager: Silas Matsaudza	
Tender Start Date: N/A	
Tender End Date: N/A	
Value of Contract: R256 500 000.00	
Value of Budget: N/A	
Value of Cost Saving: N/A	
B-BBEE Level: (e.g. 2): 3	
Business Unit: Finance	

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

A	BAC Submission Checklist			
	Key evidence of submission compliance:	*Complete: Yes (✓) / No (✗)*	*Evidence attached: Yes (✓) / No (✗)*	*Comments (incl. if no evidence is provided)*
A1	Purpose - a clear description of the purpose of the submission to the BAC and the approvals required	YES ☐	☐	
A2	Confirmation of a signed Business Case and/or confirmation of approved funding, including evidence of demand for the goods/service procured (the detailed Business Case as approved by the Business unit and approved in line with the Delegation of Authority to be attached as an Annexure)	N/A ☐	☐	
A3	Details of the tender, number of bidders and acceptance of bids based on the critical criteria. (Tender documentation to be attached as an Annexure)	N/A ☐	☐	
A4	Bid evaluation - evaluation criteria, evaluation outcomes and process followed, including due diligence conducted on the potential suppliers (detailed evaluation sheets to be attached as Annexures)	N/A ☐	☐	
A5	Financial due diligence	N/A ☐	☐	
A6	Bid award recommendation	N/A ☐	☐	
A7	Financial impact assessment	N/A ☐	☐	
A8	Assessment of fair value	N/A ☐	☐	
A9	Risk assessment	N/A ☐	☐	
A10	Contracting terms and conditions	N/A ☐	☐	
A11	Final recommendation	N/A ☐	☐	
A12	All required signatures received	YES ☐	☐	

Comments:

This checklist must not be seen by business and procurement as the only document they need to consider to the exclusion of the actual Supply Chain Manual, the DOA, PFMA and applicable policies and legislation etc.

All tenders that involve IPP considerations must make specific reference to this in the financial considerations of the tender.

I certify that the SAA BAC submission requirements has been met

Commodity Manager/Sourcing Specialist	Manager: Operational Compliance
Signature and Date: 11-05-2016	Signature and Date: 11/05/2016

COMMISSION FOR CONCILIATION MEDIATION AND ARBITRATION

CASS-448

CASS-449
CSB 36

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

SUBMISSION TO THE SAA GLOBAL SUPPLY MANAGEMENT

To:	**SAA Global Supply Management**
From:	**General Manager / Regional Manager / Country Manager/Station Manager**
Date:	11-05-2016

CONFIRMATION OF THE CONFINED BIDDERS FOR THE SUPPLY OF THE FOLLOWING GOODS/SERVICES: SOURCING OF FUNDS FOR SAA GROUP

1. PURPOSE

The purpose of the submission is to inform Global Supply Management (GSM) of the supplier(s) that are/is eligible to provide the good/service(s) – as ticked below.

2. MOTIVATION

The supplier/s listed below is/are the only supplier/s ☐ accredited/ ☐ licenced/ ☐ sole supplier/s or ☒ for business reasons (see attached motivation) to date that is/are eligible to provide the goods/services:

a) BnP CAPITAL (PTY) LTD
b) .....
c) .....

3. CONFIRMATION

I hereby declare that the above mentioned supplier/s is/are the only supplier/s accredited ☐ / licenced ☐ / sole supplier/s ☐ or for business reasons ☒ (see attached motivation) to date, that is/are eligible to be invited to participate in the forthcoming procurement Process aimed to secure the supply and delivery of the requested goods/services.

SIGNATURES

PHUMEZA NHANTSI
Name and Surname
DESIGNATION: GENERAL / REGIONAL /COUNTRY / STATION MANAGER

IR

Notes:

Confinement can be due to the following reasons:

- Confinement due to confidentiality of information that should not be shared with the public.
- Confinement because the suppliers are accredited by a statutory body or are licenced to carry out the services.
- Confinement because the supplier is the only one in the country/station who can perform the service.
- Confinement to a number of suppliers because they are the only ones who can be invited to tender for the services due to business reasons.

Therefore the person completing this declaration should choose or customise the confinement in line with the relevant reason for confinement.

Note: attach an addendum if the list of names of suppliers is long.

COMMISSION OF INQUIRY INTO STATE CAPTURE

TP

CASS-452
CSBST

"16"

SOUTH AFRICAN AIRWAYS

BID ADJUDICATION COMMITTEE (BAC)

DECISION RECORD

13

Date: 25 May 2018

Title of Proposal: To request for BAC support to confirm and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd **Project Owner:** Finance **Procurement Representative:** Silas Matsaudze
Project Description/Purpose: To request for BAC support to confirm and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd
Decision Required: It is hereby recommended that the BAC support the request to confirm and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R265 500 000,00 including VAT.
Committee Resolutions:
Approved ☐
Recommended CEO/EXCO/AUDIT/PTPC for Recommendation to Board ☑
Returned Back for Rework ☐
Declined ☐
Noted: ☐
Conditions/Follow-up Actions: • The main basis of support is to aid financing due to the [illegible] and [illegible] of the required funds to be applied to the last tranche [illegible] in the [illegible].

12

IR

Member(s):

Ms. N. Memela (Chair)

Mr. T. Lehasa (Deputy Chair)

Mr . J. Luthuli

Mr. C. Mc Quirk

Mr. M. Kleyn

Ms. Z. Sedutla

Mr. V. Maharaj

Mr. K. Tshose

Mr.L. Moonsamy

Alternate Member(s):

Mr. J. Louw

Ms. B. Mbilo

Mr. D. Emiah

Mr. L. Hudson

Ms. K. Thipe

Ms. L. Jordaan

Ex Officio Member(s):

Adv Lesiba Peter (Acting CPO)

"AA4"
238

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	Chief Executive Officer (CEO)
From:	Global Supply Management
Date:	13 May 2016

REQUEST FOR CEO SUPPORT TO CONFINE AND AWARD THE CONTRACT FOR THE SOURCING OF FUNDS FOR THE SAA GROUP TO BnP CAPITAL (PTY) LTD

The CEO is hereby requested to support the recommendation to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R256 500 000.00 including VAT.

The recommendation was supported by the BAC on 13 May 2016, and the submission and resolution are attached as Annexure A.

SIGNATURES:

1. Compiled and verified that the submission is in line with SAA SCM policy:

Silas Matsaudza
Commodity Manager
13-05-2016
Date

2. Supported by

Lester Peter
Acting CPO
13-05-2016
Date

Phumeza Nhantsi
Interim CFO
13-05-2016
Date

Musa Zwane
Acting CEO
13-05-2016
Date

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-456
CSB38

Tender No.: N/A

Tender Name: Sourcing of Funds for the SAA group

Commodity Manager: Silas Matsaudza

Tender Start Date: N/A

Tender End Date: N/A

Value of Contract: R258 500 000.00

Value of Budget: N/A

Value of Cost Saving: N/A

B-BBEE Level: (e.g. 2): 3

Business Unit: Finance

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

A — **BAC Submission Checklist**

	Key evidence of submission compliance:	Complete: Yes (1) / No (2)	Evidence attached: Yes (1) / No (2)	Comments (incl. if no evidence is provided)
A1	Purpose - a clear description of the purpose of the submission to the BAC and the approvals required	YES ☒	☐	
A2	Confirmation of a signed Business Case and/or confirmation of approved funding, including evidence of demand for the goods/service procured (the detailed Business Case as approved by the Business unit and approved in line with the Delegation of Authority to be attached as an Annexure)	N/A ☐	☐	
A3	Details of the tender, number of bidders and acceptance of bids based on the critical criteria. (Tender documentation to be attached as an Annexure)	N/A ☐	☐	
A4	Bid evaluation – evaluation criteria, evaluation outcomes and process followed, including due diligence conducted on the potential suppliers (detailed evaluation sheets to be attached as Annexures)	N/A ☐	☐	
A5	Financial due diligence	N/A ☐	☐	
A6	Bid award recommendation	N/A ☐	☐	
A7	Financial impact assessment	N/A ☐	☐	
A8	Assessment of fair value	N/A ☐	☐	
A9	Risk assessment	N/A ☐	☐	
A10	Contracting terms and conditions	N/A ☐	☐	
A11	Final recommendation	N/A ☐	☐	
A12	All required signatures received	N/A ☐	☐	
Comments:		YES ☒	☐	

This checklist must not be seen by business and procurement as the only document they need to consider to the exclusion of the actual Supply Chain Manual, the DOA, PFMA and applicable policies and legislation etc.

All tenders that involve IPP considerations must make specific reference to this in the financial considerations of the tender.

I certify that the SAA BAC submission requirements has been met

Commodity Manager/Sourcing Specialist	**Manager: Operational Compliance**
Signature and Date: 11-05-2016	**Signature and Date:** 11/05/2016

Page 1

BAC Checklist
GSM-SS-008
Version 1, April 2013

CS11

77

CASS-457

CASS-458
CSB39

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Thuli.Zulu@absacapital.com [mailto:Thuli.Zulu@absacapital.com]
Sent: 18 May 2016 17:34
To: Cynthia Stimpel
Subject: RE: HYPOTHETICAL QUOTE

My pleasure

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: Wednesday, May 18, 2016 5:33 PM
To: Zulu, Thuli: ABSA Capital (JHB)
Subject: RE: HYPOTHETICAL QUOTE

Thank you so much.
Best regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Thuli.Zulu@absacapital.com [mailto:Thuli.Zulu@absacapital.com]
Sent: 18 May 2016 17:31
To: Cynthia Stimpel
Subject: RE: HYPOTHETICAL QUOTE

Not quite, the Arranger will earn the 10 bps and then in addition their portion of the debt will be 25bps of participation fee. So in essence one party will have 35-50 bps and other are 25-40bps because they are only participating.

I'd negotiate hard to get close to 25bps given the quantum involved

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: Wednesday, May 18, 2016 5:22 PM
To: Zulu, Thuli: ABSA Capital (JHB)
Subject: RE: HYPOTHETICAL QUOTE

Hi Thuli
Would this be calculated on the full quantum amount of borrowing – i.e. let's say a total of 50 bps on R15 Billion?
Thanks and regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

COMMISSION OF INQUIRY INTO STATE CAPTURE

From: Thuli.Zulu@absacapital.com [mailto:Thuli.Zulu@absacapital.com]
Sent: 18 May 2016 17:08
To: Cynthia Stimpel
Subject: RE: HYPOTHETICAL QUOTE

Dear Cynthia

Arranging fees are generally lower than 10 bps and you will also need to factor participation fees for the Lenders and the Arranger which usually range between 25-40 bps. A deal can always be made.

Regards

Thuli

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: Wednesday, May 18, 2016 1:04 PM
To: Zulu, Thuli: ABSA Capital (JHB)
Subject: HYPOTHETICAL QUOTE

Dear Thuli
Would it be possible to give me a Hypothetical Quote on the following: I am trying to benchmark some numbers, please?
This is a purely hypothetical question:
Should SAA go into the market for a Transaction Advisor or Funds Arranger for an amount of R15 billion – what would be the fees for this service, from yourselves.

Best regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY
INTO STATE CAPTURE

CS13

From: Cynthia Stimpel
Sent: 20 May 2016 17:02
To: Phumeza Nhantsi
Subject: FW: HYPOTHETICAL QUOTE on SOURCING OF FUNDS

Dear Phumeza

With reference to the discussion we have two weeks ago regarding the Fee calculation for the Transaction Advisor, I send a message to Thuli at ABSA, and asked her hypothetically what price would they quote on an amount of R15 Billion as an arranger and participation.
She has listed her pricing in the emails below.
When I do the calculations according to this hypothetical quote from ABSA (see attached spreadsheet for various calculations), I see that SAA can save 5 sixths of the funds calculated for the BnP Capital Transaction. (In other words only pay one sixth of this amount of R256 million – as her quote is 25 bps which is 0.0025 or 0.25%). Even if we did take the highest fee – which is 0.50% the amount would equate to R85 million inclusive of Vat. (I have also send an email to Angela Makone at RMB, as well as ZEN at Standard Bank – but they have not come back to me as yet).

Therefore, I am still very uncomfortable with the document which has been approved by the BAC for a Fee of 1.5% to be paid on the success rate fee with BnP Capital, and thought to ask you whether we can still reconsider the decision taken of confining to one service provider, and rather open this wider to all.

My recommendation would be that we send a new RFP for a Transaction Advisor to source funds and participate or only to source funds. Once we have obtained the funds then the current Transaction Advisor can still continue with the original mandate or agreement as listed. From a reputational risk perspective for SAA, the fee amount would send the wrong signals into the market, and especially our Bankers.

We are all tasked to save money for SAA, and I strongly believe that we can make a concerted effort to save this cost for SAA.
I am available on my phone if you wish to discuss this further even over the weekend, or else we can meet and discuss on Monday, please, as this is imperative that we review and reconsider this proposal in order to save money for the company and keep this company's best interest at heart.

Best regards
Cynthia

			14%	
AMOUNT	FEE %	FEE AMOUNT	VAT	TOTAL
15,000,000,000.00	5.00%	750,000,000.00	105,000,000.00	855,000,000.00
15,000,000,000.00	4.00%	600,000,000.00	84,000,000.00	684,000,000.00
15,000,000,000.00	3.00%	450,000,000.00	63,000,000.00	513,000,000.00
15,000,000,000.00	2.00%	300,000,000.00	42,000,000.00	342,000,000.00
15,000,000,000.00	1.50%	225,000,000.00	31,500,000.00	256,500,000.00
15,000,000,000.00	1.00%	150,000,000.00	21,000,000.00	171,000,000.00
15,000,000,000.00	0.90%	135,000,000.00	18,900,000.00	153,900,000.00
15,000,000,000.00	0.80%	120,000,000.00	16,800,000.00	136,800,000.00
15,000,000,000.00	0.70%	105,000,000.00	14,700,000.00	119,700,000.00
15,000,000,000.00	0.60%	90,000,000.00	12,600,000.00	102,600,000.00
15,000,000,000.00	0.50%	75,000,000.00	10,500,000.00	85,500,000.00
15,000,000,000.00	0.40%	60,000,000.00	8,400,000.00	68,400,000.00
15,000,000,000.00	0.30%	45,000,000.00	6,300,000.00	51,300,000.00
15,000,000,000.00	0.25%	37,500,000.00	5,250,000.00	42,750,000.00

256,500,000.00		
68,400,000.00	26.66667	3.75
51,300,000.00	20	5
42,750,000.00	16.66667	6

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-464
CSB41

CS14

Carina Botha

From:	Cynthia Stimpel
Sent:	24 May 2016 16:16
To:	Phumeza Nhantsi
Subject:	FW: HYPOTHETICAL QUOTE on SOURCING OF FUNDS
Attachments:	Success Fee Calculation for the TA.xlsx

Dear Phumeza
I know you have been very busy, however, can you please look at this email below, and could we please discuss?
Thanks and regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Cynthia Stimpel
Sent: 20 May 2016 17:02
To: Phumeza Nhantsi
Subject: FW: HYPOTHETICAL QUOTE on SOURCING OF FUNDS

Dear Phumeza

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We are all tasked to save money for SAA, and I strongly believe that we can make a concerted effort to save this cost for SAA.
I am available on my phone if you wish to discuss this further even over the weekend, or else we can meet and discuss on Monday, please, as this is imperative that we review and reconsider this proposal in order to save money for the company and keep this company's best interest at heart.

Best regards
Cynthia

CS15

Carina Botha

From: Cynthia Stimpel
Sent: 25 May 2016 15:23
To: Phumeza Nhantsi
Subject: FW: HYPOTHETICAL QUOTE

Dear Phumeza
Please find below the response from RMB. We can discuss when we meet.
Thanks and regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Mokone, Angela [mailto:Angela.Mokone@rmb.co.za]
Sent: 25 May 2016 13:54
To: Cynthia Stimpel
Subject: RE: HYPOTHETICAL QUOTE

Hi Cynthia

Apologies for the delay in getting back to you.

- We expect that SAA would prefer to raise ZAR only and understand that the funding is largely going to be raised in order to restructure existing debt. As such, we believe that a bank loan package will be most appropriate. In order to assist SAA in arranging the bank package (which we are assuming would be government guaranteed), we would charge a fee of approximately 50bps of the total funding raised. [RMB would be Mandated Lead Arranger].
- If SAA wished to raise funding from the capital markets: we expect that R5bn would probably be the maximum that could be raised in the SA market (with a government guarantee) – we would charge a fee of 20bps of the amount issued. [RMB would be acting as Lead Arranger for the issuance]
- If SAA wished to access the full amount of funding from the capital markets, a USD bond (government guaranteed) would be more appropriate – we would charge a fee of 30bps of the nominal amount issued [RMB would be acting as a Joint Lead Manager – we would recommend that at least 2 other Joint Lead Managers are appointed who would share the proposed fee]

Please note that due to the limited amount of information that we have, the above are purely high-level indications. It is also important to bear in mind that the actual cost of funding in the bank market versus the local or offshore capital markets will differ and the respective markets will also have constraints as far as the tenor and amount of funding that can be raised. As such, we would welcome the opportunity to engage with you further on this.

Kind regards
Angela

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: 19 May 2016 09:03 AM
To: Mokone, Angela
Subject: RE: HYPOTHETICAL QUOTE

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-467
CSB42

From: Mokone, Angela [mailto:Angela.Mokone@rmb.co.za]
Sent: 25 May 2016 13:54
To: Cynthia Stimpel
Subject: RE: HYPOTHETICAL QUOTE

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Kind regards
Angela

From: Cynthia Stimpel [mailto:CynthiaStimpel@flysaa.com]
Sent: 19 May 2016 09:03 AM
To: Mokone, Angela
Subject: RE: HYPOTHETICAL QUOTE

COMMISSION OF INQUIRY INTO STATE CAPTURE

Dear Angela
How are you doing? Thank you for responding so promptly. Yes please quote on both because I am trying to ascertain a benchmark for the costing thereof. We are not yet sure which route to go and therefore both pricing would assist us in that decision.

Thank you again for your assistance.
Best regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

From: Mokone, Angela [mailto:Angela.Mokone@rmb.co.za]
Sent: 19 May 2016 06:57
To: Cynthia Stimpel
Subject: Re: HYPOTHETICAL QUOTE

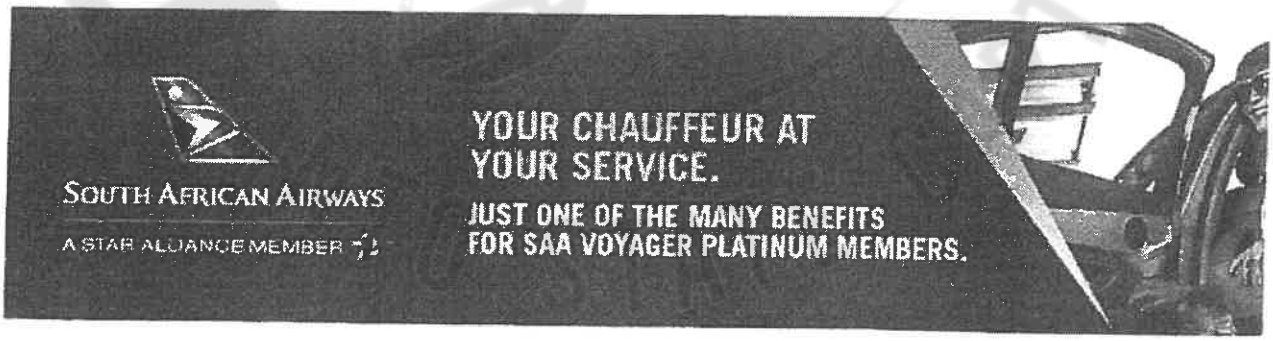
Hi Cynthia

Please can you advise whether the R15bn would be raised through a public bond offering or loan or if we should quote on both (as the fees would differ).

Kind regards
Angela

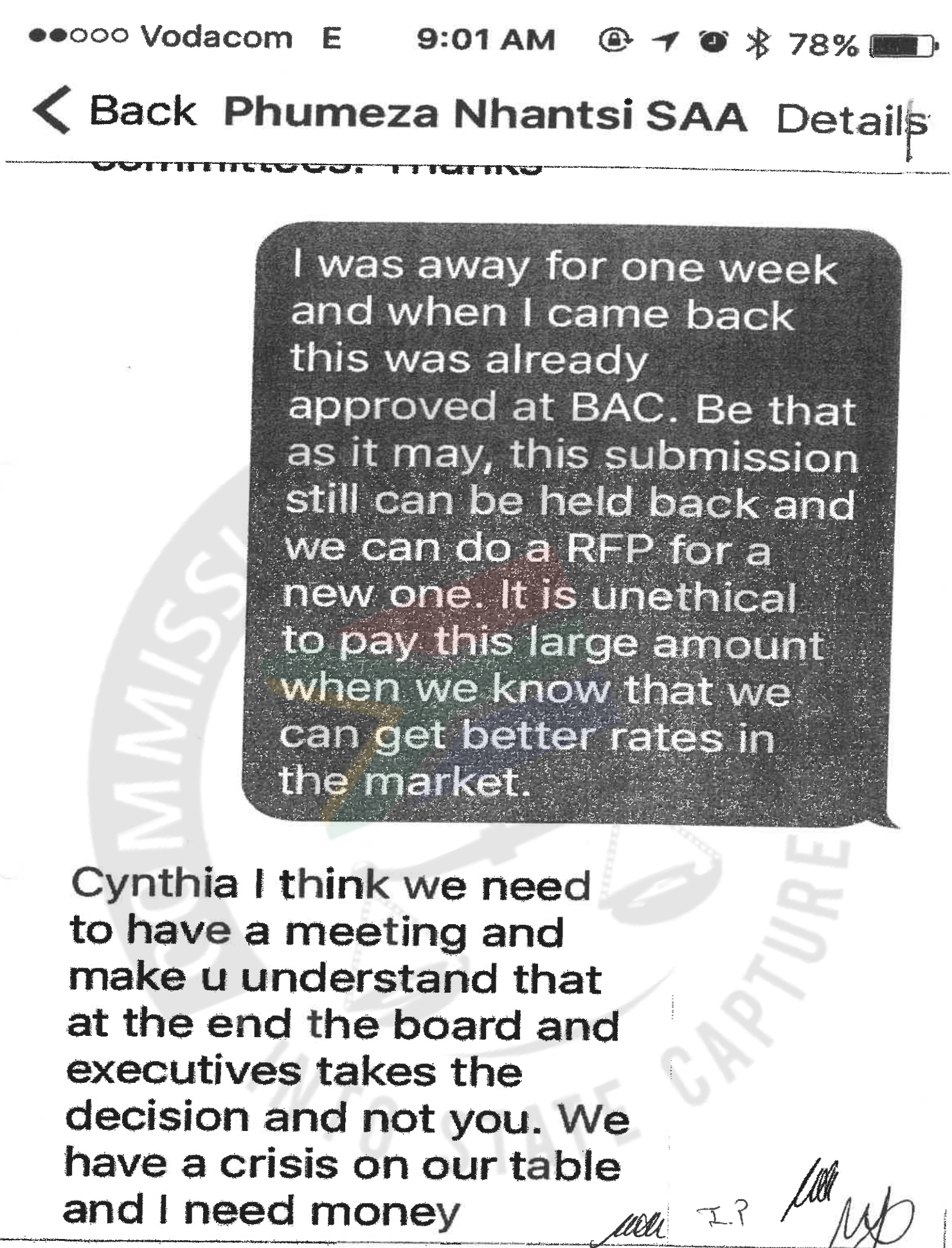
Sent from my iPhone

On 18 May 2016, at 16:31, Cynthia Stimpel <CynthiaStimpel@flysaa.com> wrote:



Dear Angela

COMMISSION OF INQUIRY
INTO STATE CAPTURE

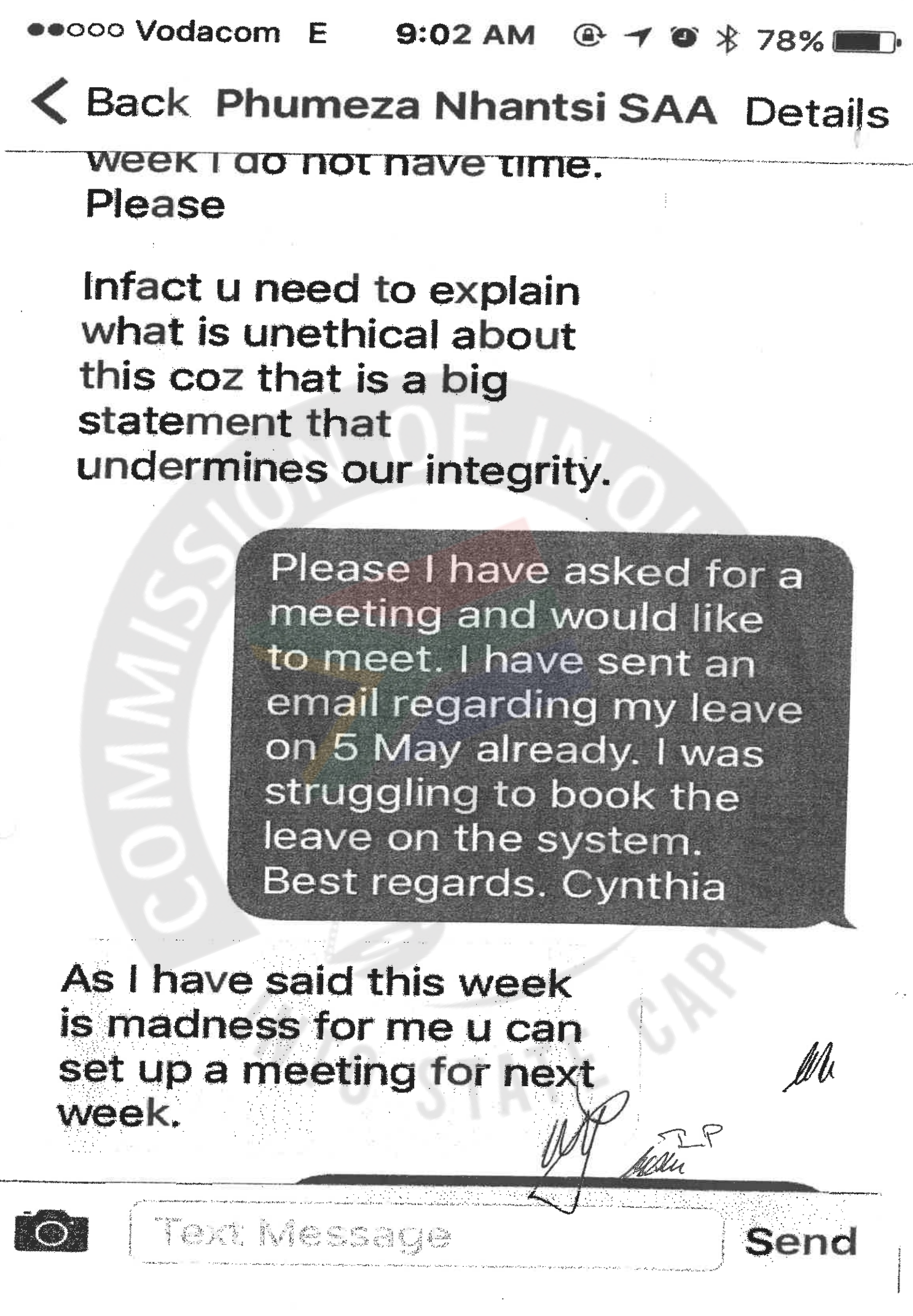

●●○○○ Vodacom E 9:01 AM 78%
Back Phumeza Nhantsi SAA Details
committees. Thanks
I was away for one week and when I came back this was already approved at BAC. Be that as it may, this submission still can be held back and we can do a RFP for a new one. It is unethical to pay this large amount when we know that we can get better rates in the market.
Cynthia I think we need to have a meeting and make u understand that at the end the board and executives takes the decision and not you. We have a crisis on our table and I need money
Text Message
Send

●●○○○ Vodacom E 9:02 AM @ ➤ ⏰ ✱ 78%

< Back **Phumeza Nhantsi SAA** Details

Cynthia I think we need to have a meeting and make u understand that at the end the board and executives takes the decision and not you. We have a crisis on our table and I need money urgently and y keep on questioning the processes unfortunately I am here to stabilize this airline and do what is Ryt. It is not my problem that u decided to go away without even my leave approval. As I have said if u have questions about this talk to me next week I do not have time. Please

Text Message Send



●●○○○ Vodacom E 9:02 AM 78%

< Back Phumeza Nhantsi SAA Details

week I do not have time.
Please

Infact u need to explain what is unethical about this coz that is a big statement that undermines our integrity.

Please I have asked for a meeting and would like to meet. I have sent an email regarding my leave on 5 May already. I was struggling to book the leave on the system. Best regards. Cynthia

As I have said this week is madness for me u can set up a meeting for next week.

Text Message

Send

Cynthia Stimpel

From: Cynthia Stimpel
Sent: 25 May 2016 11:13 AM
To: Phumeza Nhantsi
Cc: Carol Chinjeke
Subject: RESPONSE TO THE SMS RE FUNDING

Dear Phumeza
In response to your sms stating that you requested this info 2 weeks ago and that do not need it now, may I respond via email please?
I was leaving that same Friday – 6 April 2016, and I attended the President and the Chairpersons presentation after our discussion, and I was under the impression work will still be done on it. When I returned on 17 May 2016, the document was already approved by the BAC on 13 May 2016.
I then sent the requests for 3 hypothetical quotes, and upon receiving that I then sent you an email last Friday – 20 May 2016.
The next approval is probably EXCO, ARC and Board.
Therefore I would recommend that we hold it back and resend the RFP for Sourcing of Funds in order to obtain a better rates. It is unethical to pay this large amount when we know that we can get better rates in the market.
Please reconsider.
Thanks and regards
Cynthia

Cynthia Stimpel | Group Treasurer | Finance

Phone: +27 11 978 3653 | E-Mail: CynthiaStimpel@flysaa.com
Room 404 A 4th FloorAirways Park- Johannesburg- South Africa

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

CASS-475
CSB 44

"AA3"
235

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	SAA Board
From:	Global Supply Management (GSM)
Date:	18 May 2016

REQUEST FOR SAA BOARD APPROVAL TO CONFINE AND AWARD THE CONTRACT FOR THE SOURCING OF FUNDS FOR THE SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BnP CAPITAL (PTY) LTD.

PURPOSE

To request for SAA Board approval to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd

BACKGROUND

SAA appointed a Transaction Advisor to provide financial advice on the funding options available. The Transaction Advisor's scope of work includes the following services;

- analyse all the loan agreements that are currently at SAA's disposal;
- determine which of the total funding of the R14billion is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial Turnaround Strategy;
- advise SAA on how to restructure its balance sheet through the settlement of inefficient loans
- advise SAA on the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and
- analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is USD denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be USD denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA.

After an assessment of the airline's current financial position, the Transaction Advisor pointed out the urgent need to source funds to settle the loans that are about to mature.

MOTIVATION

Loans to the value of R7.3 billion are maturing on 30 June 2016 and SAA is obliged to settle the loans on or before the maturity date. Due to time constraint, the only feasible approach is to engage the appointed Transaction Advisor to urgently source the funds required to settle the loans. This is an emergency situation that is unexpected and may result in significant financial exposure and serious business disruption.It is against this background that, GSM on behalf of the Business Unit is requesting for the SAA Board approval to confine and award the contract for the sourcing of funds to settle the loans maturing on 30 June 2016 to BnP Capital (Pty) Ltd.

FINANCIAL IMPLICATION

The industry norm is that Transaction Advisors charge a success fee ranging from two (2) to three (3) percent of the funds sourced and SAA negotiated the percentage with the Transaction Advisor. The two parties settled for a success fee of one point five (1.5) percent should BnP Capital (Pty) Ltd be tasked to urgently source the funds.

Indicated below is the projected success fee to be paid to BnP Capital (Pty) Ltd if the Transaction Advisor succeeds in sourcing the R15 billion required to settle all the loans. The success fees will not be a once off payment. The terms will be negotiated with the Transaction Advisor to ensure that the payments of the success fee are staggered.

TOTAL FUNDING REQUIRED	NEGOTIATED SUCCESS RATE	PROJECTED SUCCESS FEE
R 15 000 000 000.00	0.015	R 225 000 000.00

COUNTER PARTY

- GSM
- Finance

RISK

If the required funds are not secured urgently, SAA will not be able to meet its financial obligations. This has serious implications on the airlines going concern status.

PFMA IMPLICATION

There is none at this stage.

APPROVAL PROCESS

- BAC support
- CEO support
- FIPCO support
- SAA Board approval

NATIONAL TREASURY DATABASE OF RESTRICTED SUPPLIERS

As at 16 May 2016, GSM has verified that BnP Capital (Pty) Ltd is not listed as one of the restricted suppliers.

RECOMMENDATION

It is recommended that the SAA Board approve the request to confine and award the contract for the sourcing of funds for the SAA group to BnP Capital (Pty) Ltd, at an estimated total cost of R256 500 000.00 including VAT

SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy:

PP
Silas Matsaudza
Commodity Manager

18/05/16
Date

2. Supported by:

Lester Peter
Chief Procurement Officer *(Acting)*

18/05/2016
Date

Phumeza Nhantsi
Interim CFO

18/05/2016
Date

Mpise Zwane PP
CEO *(Acting)*

18/05/2016
Date

CASS-479
CSB 45

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Email: [redacted]

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

The Board by Round Robin 2016/B16 as of 24 May 2016 **RESOLVED** to approve the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital (Pty) Ltd.

Certified a true copy.

Ruth Kibuuka
Company Secretary
Date:

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Email: companysecretary@flysaa.com

20 MAY 2016

Dear Director

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

We refer to the above matter and attach hereto the Written Resolution No. 2016/B16.

Kindly consider, sign and return to us the Written Resolution by 14h00, Monday, 23 May 2016 via email.

Kind regards

Ruth Kibuuka
Company Secretary

COMMISSION OF ENQUIRY INTO STATE CAPTURE

Directors

DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

To:	**SAA BOARD OF DIRECTORS**
From:	**INTERIM CFO**
Date:	**20 MAY 2016**

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

PURPOSE

The purpose of this submission is to request the Board to approve the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital (Pty) Ltd.

BACKGROUND AND MOTIVATION

The Finance, Investment and Procurement Committee (FIPCO) considered and approved this item for recommendation to the Shareholder through a round robin process on 20 May 2016.

For further information in this regard, the Board members are referred to the accompanying submission marked **Annexure "A".**

RECOMMENDATION

It is recommended that the Board of Directors approves the confinement and award of the contract for the sourcing of funds for the SAA Group to BnP Capital (Pty) Ltd.

NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*
Dr. Jotham Tamay	Yes		

SIGNED: _____ DATE: 27/05/2016

IP

CONFINEMENT RE AWARD OF CONTRACT FOR FUNDING TO BDP CAPITAL	2016/8/16
1. MS DUDUZILE MYENI	Favour Email 20/06/2016
2. MS YAKHE KWINANA	Favour Form 27/6/2016
3. DR JOHN TAMBI	Favour Form 27/6/2016
4. MR MUSA ZWANE	Favour Form 23/06/2016
5. MS PHUMEZA NHANTSI	

COMMISSION OF INQUIRY INTO STATE CAPTURE

To:	**SAA BOARD OF DIRECTORS**
From:	**INTERIM CFO**
Date:	**20 MAY 2016**

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

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NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*
Yakhe Kwinana	✓		

SIGNED: _____ DATE: 27/5/2015

Legal must be involved to work with BnP Capital (Pty) Ltd to ensure that all legal requirements are met.

I.P

To:	SAA BOARD OF DIRECTORS
From:	INTERIM CFO
Date:	20 MAY 2016

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

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NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*
Yakhe Kwinana	✓		

SIGNED: _____ DATE: 27/5/2015

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I.?

To:	SAA BOARD OF DIRECTORS
From:	INTERIM CFO
Date:	20 MAY 2016

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

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NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*
D C MYENI	✓		

SIGNED: _____ DATE: _____

To:	SAA BOARD OF DIRECTORS
From:	INTERIM CFO
Date:	20 MAY 2016

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B16: CONFINEMENT AND AWARD OF THE CONTRACT FOR THE SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED (SAA) GROUP TO BNP CAPITAL ((PTY) LTD

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RECOMMENDATION

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NAME OF DIRECTOR	IN FAVOUR	AGAINST	ABSTAIN
Dr. Johan E Tarnar	Yes		

SIGNED: _____ DATE: 27/05/2016

CONFINEMENT & AWARD OF CONTRACT FOR FUNDING TO nP CAPITAL

2016/B16

1. MS DUDUZILE MYENI — Faxed 20/06/2016
2. MS YAKHE KWINANA — Email 20/06/2016
3. DR JOHN TAMBI — Faxed 27/6/2016
4. MR MUSA ZWANE — Faxed 27/6/2016
5. MS PHUMEZA NHANTSI — Faxed 23/06/2016

I.P

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-489
CSD46

TO BE NOTED TIMING OF LETTER SENT

SOUTH AFRICAN AIRWAYS

South African Airways
4thFloor
A Block
Airways Park
Jones Road
OR Tambo International Airport

Private Bag X13
OR Tambo International Airport
1627

Tel: 27 11 978-1629

25 May 2016

BnP Capital (Pty) Ltd
Private Bag X43
Sunninghill
Sandton
2157

Attention: Daniel Mahlangu

RE: SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED GROUP

Dear Sir

With reference to the above, South African Airways (SOC) Ltd ("SAA") would like to congratulate BnP Capital (Pty) Ltd on being awarded the contract for the Sourcing of Funds for South African Airways SOC Limited.

Kindly note that this Letter of Award (LOA) is subject to the following conditions.

1. This LOA sets forth our understanding of the terms and conditions of our engagement, and the nature and scope of the services to be provided to SAA, in order to ensure that both parties are aware of their responsibilities in relation to this engagement.

2. This LOA and any other correspondence dealing with the subject matter, constitutes the essential elements of the terms of our engagement up to and including the date of final conclusion and signature of the Agreement(s). In the event of any inconsistency, the Agreement(s) shall prevail.

3. Any services rendered by BnP Capital (Pty) Ltd prior to the signing of the agreement (s), will be governed by SAA's General Conditions of Contract.

We hereby extend our congratulations to BnP Capital (Pty) Ltd and look forward to a mutually beneficial business relationship.

Kindly signify your acceptance of this Letter of Award by signing below and by returning the same to Silas Matsaudza, via the following e-mail silasmatsaudza@flysaa.com.

Directors

DC Myeni* (Chairperson) Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth K buuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

IP

Should you require any further information and clarification regarding the contents hereof, kindly contact Silas Matsaudza on 011 978 1629

Yours faithfully

Adv. L. Peter
Acting Chief Procurement Officer
South African Airways (SOC) Ltd

Accepted and agreed to by BnP Capital (Pty) Ltd

By:

Who warrants that s/he is duly authorised

Full Names: THOLISANI DANIEL MAHLANGU

Designation: DIRECTOR

Date: 03/06/2016

I.P

COMMISSION OF INQUIRY INTO STATE CAPTURE

Nhlakanipho N. Kunene

From: Silas Matsaudza <SilasMatsaudza@flysaa.com>
Sent: Thursday, 26 May 2016 10:56
To: Daniel@bnpcapital.co.za
Cc: Masotsha Mngadi (mngadi.masotsha@gmail.com)
Subject: Sourcing of Funds_Letter of Award
Attachments: Letter of Award_Sourcing of Funds_BnP Capital (Pty) Ltd.pdf

Dear Daniel

Please find attached a Letter of Award dated correctly. Please accept my apologies for the mistake.

Kind regards

Silas Matsaudza | Commodity Manager | Global Supply Management

Mobile: +2783-462-2859 | Phone: +2711-978-1629 | Fax: +2711-978-3115 | E-Mail: SilasMatsaudza@flysaa.com
.oom 403, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-493
CSB 47

Tel: 011 234 0710
Fax: 086 638 4080
Email: vonani@bnpcapital.co.za

Tuscany Office Park
Postnet Suit 436, Private Bag X43
Sunninghill, 2157
Tuscany Office Park, Building 5, Coomble Place,
Rivonia, 2157

BnP CAPITAL
Advisory & Investments

25 May 2016

Chief Financial Officer
Private Bag X13,
KEMPTON PARK,
1627

Dear CFO

ACCEPTANCE OF THE MANDATE

We acknowledge with thanks the award of this mandate and hereby graciously accept it.

We have, since the award of the first letter of award of the Transactional Advisor role, dedicated resources and expertise to analyse the financial and operating information of SAA, to ensure the highest quality service offering to SAA in the optimisation of the restructure of SAA's balance sheet.

In addition, we are engaged in the sourcing of an efficient funding package from our partners globally, including private equity funders, investors and development institutions who are funders into the aviation industry.

This is to ensure that we deliver on all the mandates entrusted to us by SAA. Accordingly, should SAA decide to unilaterally terminate our services, ahead of us fulfilling our mandate, for whatever reasons, on any matter outside of our control, a cancellation fee of 50% of all the fees as per our proposals to SAA, shall become due and payable in 5 working days following the cancellation notification date.

Looking forward to our partnership with SAA in ensuring its successful turnaround of its business.

Yours sincerely,

Daniel Mahlangu
CEO

I.P

CASS-495
CSB48

MINISTER: FINANCE
REPUBLIC OF SOUTH AFRICA

Private Bag X115, Pretoria, 0001 Tel: +27 12 323 8911 Fax: +27 12 323 3262
P O Box 29, Cape Town 8000 Tel +27 21 464 6100 Fax +27 21 461 2934

Ref. M4/1/19 (946/16)

Ms Duduzile Myeni
Chairperson of the Board
South African Airways SOC Limited
Private Bag x13
OR TAMBO INTERNATIONAL AIRPORT
1627

Dear Ms Myeni

STATUS OF SOUTH AFRICAN AIRWAYS SOC LIMITED ("SAA") R15 BILLION DEBT CONSOLIDATION

I refer to m previous correspondence dated 10th May 2016.

In view of the negative implications that further delays in finalising the debt consolidation would have on SAA's ability to rollover or refinance the existing guaranteed debt of approximately R6 billion in June 2016, I required that SAA finalise the debt consolidation process by 20 May 2016, failing which SAA must then refinance or roll over the existing debt maturing in June 2016 into longer term debt by the end of May 2016. I have received no update from you on this matter.

In your letter dated 15 March 2016, you had indicated that a due diligence was being conducted on Free State Development Corporation (FDC), SAA's preferred bidder. In the last few days, I have received a letter from the Member of Executive Council (MEC) for Finance in the Free State Province reporting on an investigation conducted by the Provincial Treasury regarding the loan offer for R14 billion from the Free State Development Corporation (FDC) to SAA. Based on the investigation it is evident that the process of obtaining funding from FDC contains material flaws. Even if these could be resolved, the process would be protracted and SAA would be unlikely to be able to secure the financing within the required timeframes to settle the maturing debt.

Consequently, I have concluded that SAA was unable to conclude the debt consolidation within the specified deadline. Therefore, I request SAA to immediately begin the process of refinancing or rolling over the R6 billion in guarantee debt maturing in June and July 2016 into longer term debt. This process must be finalised by 31 May 2016 as per my original letter.

I trust that you will find the above to be in order.

Kind regards

PRAVIN J GORDHAN, MP
MINISTER OF FINANCE
Date: 25-05-2016

CASS-497
CSB 49

SOUTH AFRICAN AIRWAYS

South African Airways
Office of the Chairperson
Suite 5, 6th Floor
Airways Park
Jones Road
Kempton Park

Private Bag X13
OR Tambo International Airport
1627
Tel: 27 11 978-2520
Email: chairperson@flysaa.com

Minister Pravin Gordhan, MP

Minister of Finance

The National Treasury of the Republic of South Africa

240 Madiba Street

Pretoria

0002

Facsimile: (012) 323 3262 Email: Lungisa.Fuzile@treasury.gov.co.za

Dear Minister

REQUEST TO EXTEND THE UTILISATION OF THE GOING CONCERN GUARANTEE FOR WORKING CAPITAL FUNDING

On 12 December 2014, the Minister, approved a perpetual government guarantee of R6.488 billion in terms of Section 70(1)(a) of The Public Finance Management Act (PFMA) in order to address the solvency and liquidity requirements of SAA till March 2016.

A total of R3.450 billion was drawn against the guarantee for long-term financing by June 2015 leaving a balance of R3.038 billion available for SAA to utilise when required.

In December 2015, the Minister approved the utilisation of the balance of R3.038 billion towards bridging finance to fund the short-term liquidity requirement of SAA. At the time SAA was in the process of obtaining the long-term debt consolidation RFP for an amount of R15 billion.

The finalisation of the R15 billion debt consolidation funding is delayed due to the due diligence process which is being conducted on the FDC (Free State Development Corporation). We are currently waiting for FDC to provide certain documents in order to conclude the due diligence. We anticipate that this process will be concluded at the end of March 2016.

In order to fund the liquidity requirement of SAA over this period, the following bridging facilities have been put in place against the balance of our Going Concern guarantees:

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi*(Sierra Leonean)

*Non-Executive Director

Company Secretary – Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

IP

DCM

Institution	Term	Amount R'bn	Base rate	Margin bps	Arrangement Fee	Status
Standard Chartered Bank	3 months	1.0	3m Jibar	2.75%	25 bps	Fully drawn. Maturity Date **22 March 2016**
Standard Chartered Bank	3 months	1.0	3m Jibar	2.75%	25 bps	Fully drawn. Maturity Date **29 April 2016**
ABSA Bank	3 months	1.0	3m Jibar	2.00%	35 bps	To be utilised by 18 March 2016

The first bridge facility from Standard Chartered Bank matures on 22 March 2016 and failure to extend the bridging facility by 22 March 2016 will necessitate the re-payment thereof with the ABSA drawdown of R1 billion causing the expected shortage of liquidity from 29 April 2016 as indicated in **Annexure A**.

SAA will not be able to meet its financial obligations from 29 April 2016 without the full utilisation of the current R3 billion bridging facilities. Due to SAA's current financial position and risk profile, banks are unwilling to provide SAA with any further unsecured funding and are only willing to provide further funding on the back of government guarantees.

The following risk factors as reported on a continuous basis have been developing during the last quarter of FY2014/2015 and the first half of FY2015/16. The impact has, since, intensified:

a) Lower than expected sales. Cash receipts from operations continue to be significantly below budget.
b) Restricted access to owned foreign currency in countries in which SAA operates. As a result of lower oil prices, countries such as Angola, Nigeria and Mozambique are experiencing increased pressure on their foreign reserves. This has led to an increase in restricted funds which cannot be repatriated on time and utilised by the airline as its "free" cash.
c) In Angola matters have recently deteriorated as the Central Bank also reduced the quantum of US Dollars for Auction. In addition, they are prioritising essential industries and the travel industry is not high on the priority list. They do not foresee an ease in this situation and have cautioned that clients should prepare for the worst before matters get better / ease up.
d) Following a meeting in December 2015 between the LCAG (Local Customer Advisory Group) and the Governor of the Central Bank of Nigeria (CBN), the CBN have lifted the ban on repatriation of foreign funds with immediate effect. The backlog of restricted funds is however quite significant and will take time to reduce. A meeting between stakeholders from the airline industry was also arranged by IATA during February 2016.
e) Political tension in the Middle East following the Arab Spring.
f) Although the Visa requirements (certified unabridged birth certificates) implemented for minors travelling to South Africa have been amended, it is widely expected that the negative effect will remain over the short term.
g) Poor domestic, regional and Eurozone GDP growth.
h) Continuous weakening of the ZAR/USD exchange rate, which increases our operating costs than budgeted for

DCM

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GUARANTEES UTILISED

A summary of the Going Concern guarantees and total utilisation to date is listed in the table below:

Guarantee Awarded	Amount	Utilisation	Balance
	R'm	R'm	R'm
Subordinated Loan – Nedbank	1 300	1 300	Nil
Going Concern Guarantee	1 600		
(Allocated to ATL, Oct '15)		495	
Working Capital Utilisation (Dec '14)		1 055	50
Going Concern Guarantee	5 006		
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Jul '14)		1 500	
Working Capital Utilisation (Dec '14)		1 700	
Working Capital Utilisation (Dec '14)		295	11
Going Concern Guarantee	6 488		
Working Capital Utilisation (Dec '14)		450	
Working Capital Utilisation (Apr '15)		1 500	
Working Capital Utilisation (Jun '15)		1 500	
Working Capital Utilisation (Dec'15) - Bridge		1 000	
Working Capital Utilisation (Feb'16) - Bridge		1 000	1 038
TOTAL	**14 394**	**13 295**	**1 099**

Honourable Minister, in view of SAA's current liquidity position, I humbly request the Minister to approve the re-issuance/extension of the following Government Guarantees (R1 billion each) in order to secure the required bridging facilities until the debt consolidation finance has been concluded:

- The Standard Chartered Bank Bridge Facility with maturity date 22 March 2016.
- The Standard Chartered Bank Bridge Facility with maturity date 29 April 2016.
- The ABSA Bank Bridge Facility with maturity date 9 June 2016.

Any surplus short-term cash will be applied to re-pay current short-term banking facilities of R1.1 billion.

We look forward to the Minister's favourable consideration in this regard.

Yours sincerely,

Ms Dudu Myeni
SAA Chairperson
Date: 2016/03/15

Copy: Musa Zwane
Acting CEO, SAA

Phumeza Nhantsi
Interim CFO, SAA

IP DCM

Annexure A – DAILY CONSOLIDATED OPERATIONAL CASHFLOW FORECAST

	Business Inflows ZAR	Business Outflows ZAR	Available Free ZAR	Available Surplus (Free) FX	Nett Available Facilities	Total Available FX & Zar	Comments
10-Mar-16	44,000,000	-46,000,000	2,615,610	263,772,684	525,000,000	781,388,094	
11-Mar-16	44,000,000	-30,000,000	1,615,610	288,812,824	540,000,000	810,428,334	
12-Mar-16	0	0	1,615,610	288,812,824	540,000,000	810,428,334	
13-Mar-16	0	0	1,615,610	288,812,824	540,000,000	810,428,334	
14-Mar-16	44,000,000	-46,000,000	615,610	220,612,200	540,000,000	761,227,710	
15-Mar-16	89,000,000	-31,000,000	3,615,610	193,389,336	595,000,000	792,004,946	
16-Mar-16	354,000,000	-16,000,000	1,615,610	211,789,336	935,000,000	1,148,404,946	
17-Mar-16	44,000,000	-36,000,000	4,615,610	226,765,704	940,000,000	1,171,381,314	
18-Mar-16	44,000,000	-184,019,083	4,596,427	354,765,704	790,000,000	1,149,362,131	
19-Mar-16	0	0	4,596,427	354,765,704	790,000,000	1,149,362,131	
20-Mar-16	0	0	4,596,427	354,765,704	790,000,000	1,149,362,131	
21-Mar-16	0	0	4,596,427	316,932,488	790,000,000	1,110,528,916	
22-Mar-16	84,000,000	-293,116,436	478,989	418,690,776	585,000,000	1,004,170,765	Repay/Refinance R1bn SCB bridging Facility
23-Mar-16	44,000,000	-16,000,000	3,478,989	423,822,104	610,000,000	1,037,302,093	
24-Mar-16	136,000,000	-555,997,866	3,482,123	423,163,576	390,000,000	816,645,699	
25-Mar-16	0	0	3,482,123	443,163,576	390,000,000	836,645,699	
26-Mar-16	0	0	3,482,123	443,163,576	390,000,000	836,645,699	
27-Mar-16	0	0	3,482,123	443,163,576	390,000,000	836,645,699	
28-Mar-16	0	0	3,482,123	431,164,408	390,000,000	824,636,531	
29-Mar-16	76,000,000	-78,000,000	1,482,123	457,839,544	390,000,000	849,321,667	
30-Mar-16	44,000,000	-46,000,000	482,123	478,372,056	390,000,000	868,854,179	
31-Mar-16	96,000,000	-533,139,633	3,342,490	462,372,056	0	465,714,546	Month-end Creditors
01-Apr-16	105,000,000	-44,323,101	4,019,389	432,357,743	60,000,000	496,377,133	
02-Apr-16	0	0	4,019,389	432,357,743	60,000,000	496,377,133	
03-Apr-16	0	0	4,019,389	432,357,743	60,000,000	496,377,133	
04-Apr-16	42,000,000	-46,000,000	1,019,389	497,477,743	60,000,000	558,497,133	
05-Apr-16	80,000,000	-20,000,000	1,019,389	502,628,258	120,000,000	623,648,646	
06-Apr-16	43,000,000	-20,000,000	4,019,389	498,048,325	140,000,000	642,067,714	
07-Apr-16	43,000,000	-45,000,000	2,019,389	464,241,000	140,000,000	606,260,389	
08-Apr-16	43,000,000	-30,000,000	19,389	437,185,822	155,000,000	592,205,211	
09-Apr-16	0	0	19,389	437,185,822	155,000,000	592,205,211	
10-Apr-16	0	0	19,389	437,185,822	155,000,000	592,205,211	
11-Apr-16	43,000,000	-196,000,000	3,019,389	420,905,822	30,000,000	453,925,211	
12-Apr-16	73,000,000	-20,000,000	1,019,389	453,465,822	85,000,000	539,485,211	
13-Apr-16	43,000,000	-20,000,000	4,019,389	407,581,012	105,000,000	516,570,401	
14-Apr-16	43,000,000	-40,000,000	2,019,389	409,318,564	110,000,000	521,337,953	
15-Apr-16	44,000,000	-45,000,000	1,019,389	425,598,564	110,000,000	536,617,953	
16-Apr-16	0	0	1,019,389	425,598,564	110,000,000	536,617,953	
17-Apr-16	0	0	1,019,389	425,598,564	110,000,000	536,617,953	
18-Apr-16	375,000,000	-261,312,795	4,706,594	539,558,564	220,000,000	764,265,158	
19-Apr-16	87,000,000	-20,000,000	1,706,594	561,309,019	290,000,000	853,016,613	
20-Apr-16	45,000,000	-40,000,000	1,706,594	671,199,019	296,000,000	967,906,613	
21-Apr-16	45,000,000	-40,000,000	1,706,594	694,220,892	300,000,000	995,927,486	
22-Apr-16	45,000,000	-230,000,000	1,706,594	649,833,814	115,000,000	766,540,408	
23-Apr-16	0	0	1,706,594	649,833,814	115,000,000	766,540,408	
24-Apr-16	0	0	1,706,594	649,833,814	115,000,000	766,540,408	
25-Apr-16	67,000,000	-62,000,000	1,706,594	648,531,414	120,000,000	770,238,008	
26-Apr-16	89,000,000	-283,000,000	2,706,594	652,827,636	0	585,834,230	
27-Apr-16	0	0	2,706,594	593,425,558	0	596,132,152	
28-Apr-16	45,000,000	-60,000,000	2,706,594	626,901,532	0	629,606,126	
29-Apr-16	102,000,000	-501,582,348	-396,845,754	234,526,467	0	-162,317,287	Repay/Refinance R1bn SCB bridging Facility
30-Apr-16	0	0	-396,845,754	234,526,467	0	-162,317,287	No free Cash

CASS-501

COMMISSION OF INQUIRY
INTO STATE CAPTURE

BnP CAPITAL
Advisory & Investments

Tel: 011 234 0710
Fax: 086 638 4080
Email: vonani@bnpcapital.co.za

Tuscany Office Park
Postnet Suit 436, Private Bag X43
Sunninghill, 2157
Tuscany Office Park, Building 5, Coomble Place,
Rivonia, 2157

Dear Peter,

Please find attached under cover hereof, a mandate from South African Airways ("SAA"), whereby SAA, among others, mandates BHP Capital to raise and arrange funding for and on behalf of SAA, for the purposes of the consolidation of SAA's debt of ZAR15bn.

We undertake to utilise Grissag AG to raise the funding necessary for the purpose above.

To this end, we will facilitate the conclusion of the term sheet incorporating all the terms and conditions to be agreed between Grissag AG and SAA, including, but not limited, the requirement by Grissag AG for SAA to obtain and provide the South African sovereign guarantee necessary to underpin/guarantee the funding to be provided by Grissag AG to SAA, as per the terms and conditions in the term sheet.

Once all the terms and conditions between the parties have been finalised and agreed, we will facilitate the speedy conclusion of all the necessary contracts forming part of the transaction of this nature between the parties.

On receipt of this Memorandum of Understanding plus our mandate, we request that Grissag AG provides us with proof of funds, in writing, a step necessary for the parties to finalise the term sheet that will form the basis of this transaction. We request that the proof of funds be sent to us by no later than the close of business on 26 April 2016. At the outset, we request proof of funds in an amount between ZAR3bn to ZAR7bn.

Looking forward to your response.

Kindly acknowledge receipt.

Yours sincerely,

Daniel Mahlangu
CEO

SOUTH AFRICAN AIRWAYS

South African Airways
4thFloor
A Block
Airways Park
Jones Road
OR Tambo International Airport

Private Bag X13
OR Tambo International Airport
1627

Tel: 27 11 978-1629

25 May 2016

BnP Capital (Pty) Ltd
Private Bag X43
Sunninghill
Sandton
2157

Attention: Daniel Mahlangu

RE: SOURCING OF FUNDS FOR SOUTH AFRICAN AIRWAYS SOC LIMITED GROUP

Dear Sir

With reference to the above, South African Airways (SOC) Ltd ("SAA") would like to congratulate BnP Capital (Pty) Ltd on being awarded the contract for the Sourcing of Funds for South African Airways SOC Limited.

Kindly note that this Letter of Award (LOA) is subject to the following conditions:

1. This LOA sets forth our understanding of the terms and conditions of our engagement, and the nature and scope of the services to be provided to SAA, in order to ensure that both parties are aware of their responsibilities in relation to this engagement.

2. This LOA and any other correspondence dealing with the subject matter, constitutes the essential elements of the terms of our engagement up to and including the date of final conclusion and signature of the Agreement(s). In the event of any inconsistency, the Agreement(s) shall prevail.

3. Any services rendered by BnP Capital (Pty) Ltd prior to the signing of the agreement (s), will be governed by SAA's General Conditions of Contract.

We hereby extend our congratulations to BnP Capital (Pty) Ltd and look forward to a mutually beneficial business relationship.

Kindly signify your acceptance of this Letter of Award by signing below and by returning the same to Silas Matsaudza, via the following e-mail silasmatsaudza@flysaa.com.

Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg No. 1997/022444/30

A STAR ALLIANCE MEMBER

IP

Should you require any further information and clarification regarding the contents hereof, kindly contact Silas Matsaudza on 011 978 1629.

Yours faithfully,

Adv. L. Peter
Acting Chief Procurement Officer
South African Airways (SOC) Ltd

Accepted and agreed to by BnP Capital (Pty) Ltd

By:

Who warrants that s/he is duly authorised

Full Names: _____

Designation: _____

Date: _____

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

GRISSAG AG PTY (LTD)

Reg No: 2015/[illegible]

THIS TERM SHEET IS INDICATIVE OF THE LIKELY TERMS AND CONDITIONS BUT IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF TERMS AND CONDITIONS THAT WILL BE SET OUT IN THE FINANCE DOCUMENTS.

THIS TERM SHEET DOES NOT REPRESENT A LEGALLY BINDING FINANCING COMMITMENT (IMPLIED OR OTHERWISE) AND REMAINS SUBJECT TO, INTER ALIA, INTERNAL CREDIT APPROVAL, EXECUTION OF THE FINAL APPROVED CONTRACTUAL AGREEMENTS AND SATISFACTORY FINANCE DOCUMENTS BEING NEGOTIATED ON TERMS ACCEPTABLE TO LENDER.

FINANCE DOCUMENTS SHALL SUPERSEDE THE TERMS AND CONDITIONS INCLUDED IN THIS TERM SHEET AND IN CASE OF CONTRADICTION, PROVISIONS OF THE FINANCE DOCUMENTS SHALL PREVAIL.

By our signature we hereby accept in principle the terms of this Term Sheet.

GRISSAG AG (PTY) LTD REPUBLIC OF SOUTH AFRICA

Signatory: Sergey Pokusaev

Date: 25 May 2016

Signatory:Phumeza Nhantsi

Interim Chief Financial Officer

Date: 08 June 2016

South African O ce:
Farm Smaldeel, Theunissen
9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
Estradiol D. Miguel, 640|4510-243
Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

IP

GRISSAG AG PTY (LTD)

Reg No: 2015/[illegible]/07

Term Loan Facility Term Sheet 2

For

Client: South African Airways

DATE: 25 May 2016

COMMISSION OF INQUIRY INTO STATE CAPTURE

South African O ce:
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Financing & Banking Division
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Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Reg No: 2015/070820/07

1 PARTIES	
Borrower:	South African Airways
Lender	Grissag AG (PTY) LTD)
Guarantor	The Government of the Republic of South Africa
2 FACILITY	
Facility Description:	Grissag AG will make available R15 billion to SAA subject to terms and conditions agreed by both parties and captured in an agreement.
Facility Amount:	R15 billion
Effective date	The date on which the transaction documents are concluded and become Legally Binding
Instrument	Long term loan
Term:	Maximum of fifteen (15) years
Final Maturity Date:	One Year and One day, from issuance and delivery of acceptable letter of guarantee, in URDG 758 demand guarantee format, duly confirmed as payable at the counters at maturity of a top 15 World bank acceptable to Grissag AG. The Guarantee shall be automatic renewable at maturity every year.
Funding Currency	South African Rand
Purpose:	Operational, Capital and debt consolidation by SAA
Loan Availability Period:	Not less than twenty one (21) bank business days after Grissag AG relevant specified respective funding institution(s) receipt and use as directed by Grissag AG, of each guarantee from SA government, provided however, that the said timing contemplates that each of the guarantee(s) are duly provided according to the discretion and specifications of Grissag AG, in its sole, although reasonable, discretion.

South African Office:
Farm Smaldeel, Theunissen
9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
Estradiol D. Miguel, 640|4510-243
Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Reg No: 2015/070820/07

Drawdown:	Drawdown schedule(s) will be determined by both parties and incorporated into the agreement. All drawdown will be backed by SA government guarantees, according to a schedule made in the discretion of Grissag AG, which discretion shall be by Grissag AG reasonably and in good faith exercised.

3 PRICING

Base Rate:	Fixed Interest Rate
Interest Rate:	3,5% Fixed Interest Rate
Reference Rate:	Fixed Interest Rate
Margin:	3,5% Fixed Interest Rate
Default Interest:	To be agreed by both parties and incorporated into the agreement
Increases Costs:	None
Other Fees: (Commitment, Arrangement etc. Fees)	A 1% Fee will be payable by SAA to Grissag AG on each Drawdown Amount received.

4 REPAYMENT & PREPAYMENT

Payment:	Quarterly payments of interest and a waiver of principal payment up to five (5) years (Grace period).
Voluntary Prepayment	Prepayments are acceptable. Conditional of Guarantee maturity annually. Both parties will communicate on this during the term of the loan facility.
Security:	75 % South African Government backed guarantees

South African Office:
Farm Smaldeel, Theunissen
9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
Estradiol D. Miguel, 640|4510-243
Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Reg No: 2015/[illegible]

5 REPRESENTATIONS, UNDERTAKING, COVENANTS AND DEFAULTS

Representations and Warranties:	Both parties undertake that conditions set will be met by both.
Events of Default:	• The guarantor will take full responsibility to discharge the obligations of the loan outstanding at the time of default in accordance to agreement terms.
Undertakings:	• The loan offered based on to be negotiated South African Government guarantee(s). Grissag AG undertakes to make available the funds at 3,5% fixed interest rate on time.

6 MISCELLANEOUS

Costs and Expenses:	Each party to bear its own cost for drafting and execution of the agreement.
Transferability:	The lender shall have the right to cede its rights and obligations in terms of the Facility to a Third party without the consent of the Borrower.

Calculation of interest on Grace Duration 15 years.

IP

South African Office:
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Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
Estradiol D. Miguel, 640|4510-243
Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

COMMISSION OF INQUIRY INTO STATE CAPTURE

CSB 51

BnP CAPITAL
Advisory & Investments

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

South African Airways
4th Floor, A Block
Airways Park
Jones Road
OR Tambo International Airport

31 May 2015

RE: Sourcing of Funds for South African Airways

Dear Phumeza,

This motivation for the 50% cancellation fee, is to be read with, and forms part of, the email, sent to yourself and the SAA CEO last week, that introduced the cancellation fee of 50% of the fees that BNP Capital charged SAA in/for our mandate to source efficient funding and restructure SAA's balance sheet.

BNP Capital is incurring costs for, among others, sourcing, in conjunction with its partners, the funding globally, for and on behalf of SAA, including from our Chinese, Abu Dhabi, European and Brazilian funding partners.

We hopefully will be permitted by SAA to successfully conclude the mandate to raise efficient funding and restructure SAA's balance sheet as part of SAA's turnaround strategy. Should SAA terminate this mandate before its fulfillment, because of matters/issues outside of BNP Capital's control, BNP Capital's partners/stakeholders, have a cancellation fee, in U$D, against BNP, due to the costs incurred of flying around the world to source funding for and on behalf of SAA. Please note that, the 50% of the fees, that we asked for, equate to BNP's actual cancellation costs.

We hope that this will never come to fruition, however, we have to cater for this undesirable eventuality.

Kindly acknowledge receipt. Thank you in anticipation.

Yours sincerely,

Daniel Mahlangu
CEO, BNP Capital

T. P

Letter of ward for the sourcing of funds - BnP Capital

Daniel Mahlangu <daniel@bnpcapital.co.za>
31/05/2016 at 11:47:35

From: **Daniel Mahlangu** <daniel@bnpcapital.co.za>
Sent: 31/05/2016 at 11:47:35
To: <phumezanhantsi@flysaa.com>
Cc: <musazwane@flysaa.com>

1 Attachment(s) Total 157.2 KB View

SAA Sourcing of Funds.pdf (157.2 KB)

Dear Phumeza,

Please attached a letter of motivation for the cancellation fee for the above award for your attention.

Kindest Regards

Daniel Mahlangu

Chief Executive Officer

For : **BnP Capital (Pty) Limited**

Direct Line :+27 (0) 11 783 7156

Fax :+27 (0) 86 588 9624

Mobile : +27 (0) 76 235 8504

E-mail : daniel@bnpcapital.co.za

Website : www.bnpcapital.co.za

Description: Description: BnP Logo no back ground

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

T. P

RE: Sourcing of Funds

Daniel Mahlangu <daniel@bnpcapital.co.za>
26/05/2016 at 09:47:44

From: **Daniel Mahlangu** <daniel@bnpcapital.co.za>
Sent: 26/05/2016 at 09:47:44
To: **'Silas Matsaudza'** <SilasMatsaudza@flysaa.com>
Cc: **'Masotsha Mngadi'** <mngadi.masotsha@gmail.com>

1 Attachment(s) Total 194.1 KB View

BnP Capital Letterhead SAA.PDF (194.1 KB)

Dear Silas,

Please find attached a letter of the acceptance of the above mandate for your attention.

Regards

Daniel

From: Silas Matsaudza [mailto:SilasMatsaudza@flysaa.com]
Sent: 25 May 2016 01:51 PM
To: Daniel@bnpcapital.co.za
Cc: Masotsha Mngadi (mngadi.masotsha@gmail.com)
Subject: Sourcing of Funds

Dear Daniel

I trust that you are well.

Find attached the letter of award for your attention.

Kind regards

CASS-515

Silas Matsaudza | Commodity Manager | Global Supply Management

Mobile: +2783-462-2859 | Phone: +2711-978-1629 | Fax: +2711-978-3115 | E-Mail: SilasMatsaudza@flysaa.com

Room 403, Floor 4, Block A, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

COMMISSION OF INQUIRY INTO STATE CAPTURE

IR

BNP Capital / Grissag AG Services for & on behalf of SAA

Daniel Mahlangu <daniel@bnpcapital.co.za>
08/06/2016 at 13:25:40

From: **Daniel Mahlangu** <daniel@bnpcapital.co.za>
Sent: 08/06/2016 at 13:25:40
To: <phumezanhantsi@flysaa.com>
Cc: <musazwane@flysaa.com>

1 Attachment(s) Total 167.1 KB View

BNP Capital Grissag AG Services for & on behalf of SAA.pdf (167.1 KB)

Dear Ms Nhantsi,

I trust you are well.
Please find attached a letter discussing the work done to date together with the discussion around the cancellation fee for your perusal and consideration.

Yours sincerely,

Daniel Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-517
CSB 52

SOUTH AFRICAN AIRWAYS

South African Airways
Interim Chief Financial Officer
Airways Park
Jones Road
O.R. Tambo International Airport
1627

PO Box X13
O.R. Tambo International Airport
1627

Tel: 27 11 978-1736
Fax: 27 11 978-1201

Email: phumezanhantsi@flysaa.com

02 June 2016

Dear Mr Mahlangu,

Finance Transactional Advisory Services

I refer to your letters dated 25 & 31 May 2016 on the above matter.

I acknowledge your letters and advise that I am approaching the Board for their consideration of your stated acceptance terms, in particular your proposal for a cancellation fee of 50% in the event SAA terminating your mandate. I will advise as soon as I have received the Board's decision on the matter.

In the meantime, I attach the signed draft term sheet, which is non-binding on and is not enforceable against SAA. I have signed the draft term sheet as an indication of the terms I will be presenting to the Board for their consideration and decision. Notwithstanding signature, this draft term sheet is subject to the Board approving the above proposal on the cancellation fee, as well as subject to the execution of a services agreement between SAA and yourselves, following the Board approval of the cancellation fee proposal.

Yours faithfully

Phumeza Nhantsi (Ms)
Interim CFO

Directors

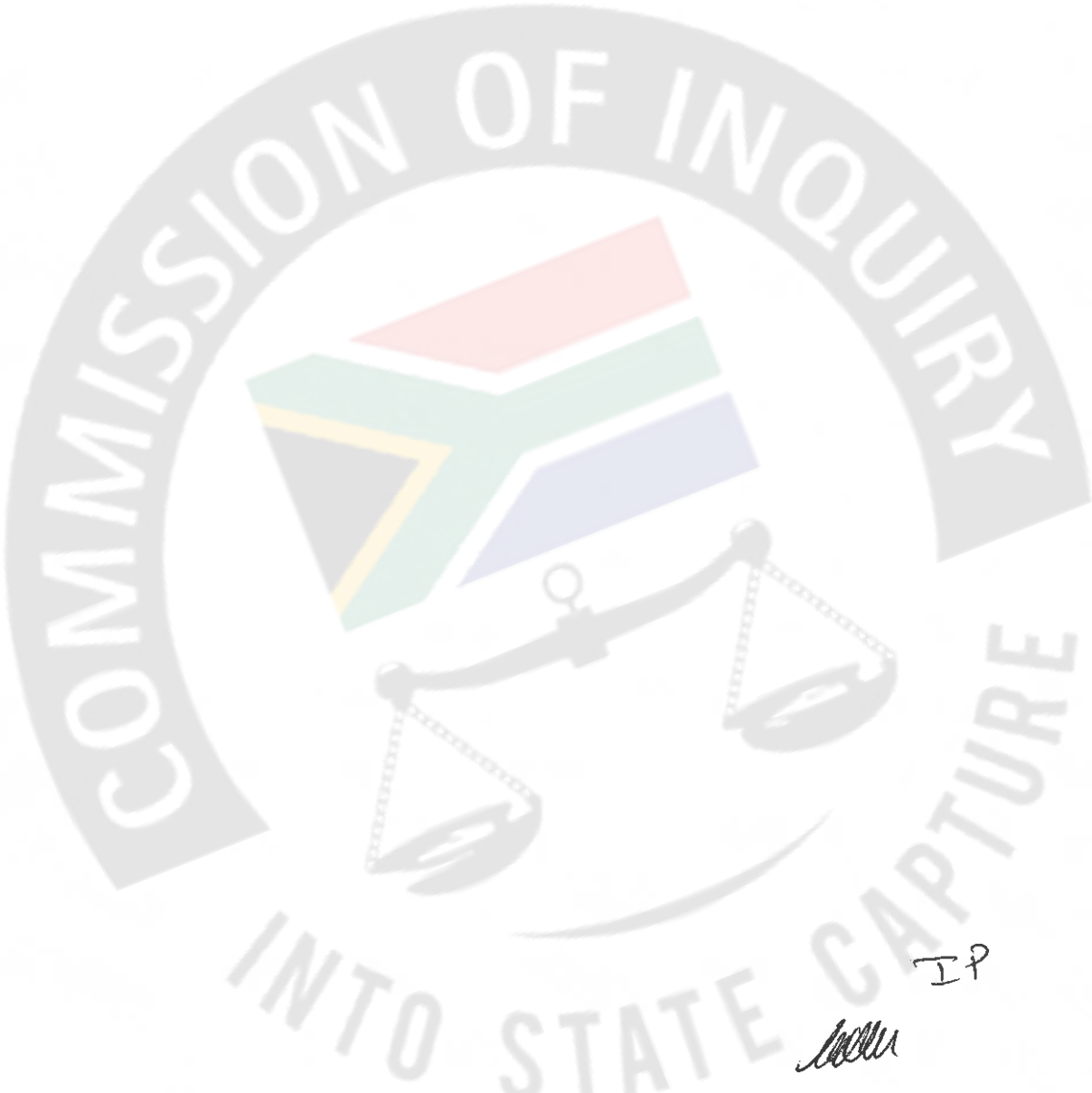
DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER



IP

DRAFT FOR DISCUSSION ONLY

GRISSAG AG PTY (LTD)

Reg No.: 2015/070620/07

Term Loan Facility Term Sheet 2

For

Client: South African Airways

DATE: 25 May 2016

IP

South African Office:
Farm Smaldeel, Theunissen 9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
Estradiol D. Miguel, 640]4510-243
Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

COMMISSION OF INQUIRY INTO STATE CAPTURE

DRAFT FOR DISCUSSION ONLY

GRISSAG AG PTY (LTD)

Reg No.: 2015/070820/07

1 PARTIES	
Borrower:	South African Airways
Lender	Grissag AG (PTY) LTD)
Guarantor	The Government of the Republic of South Africa
2 FACILITY	
Facility Description:	Grissag AG will make available R15 billion to SAA subject to terms and conditions agreed by both parties and captured in an agreement.
Facility Amount:	R15 billion
Effective date	The date on which the transaction documents are concluded and become Legally Binding
Instrument	Long term loan
Term:	Maximum of fifteen (15) years
Final Maturity Date:	One Year and One day, from issuance and delivery of acceptable letter of guarantee, in URDG 758 demand guarantee format, duly confirmed as payable at the counters at maturity of a top 15 World bank acceptable to Grissag AG. The Guarantee shall be automatic renewable at maturity every year.
Funding Currency	South African Rand
Purpose:	Operational, Capital and debt consolidation by SAA
Loan Availability Period:	Not less than twenty one (21) bank business days after Grissag AG relevant specified respective funding institution(s) receipt and use as directed by Grissag AG, of each guarantee from SA government, provided however, that the said timing contemplates that each of the guarantee(s) are duly provided according to the discretion and specifications of Grissag AG, in its sole, although reasonable, discretion.
Drawdown:	Drawdown schedule(s) will be determined by both parties and incorporated into the agreement. All drawdown will be

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Email: sergey@grissag.co.za

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Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

DRAFT FOR DISCUSSION ONLY

GRISSAG AG PTY (LTD)

Reg No.: 2015/070620/07

	backed by SA government guarantees, according to a schedule made in the discretion of Grissag AG, which discretion shall be by Grissag AG reasonably and in good faith exercised.
3 PRICING	
Base Rate:	Fixed Interest Rate
Interest Rate:	3,5% Fixed Interest Rate
Reference Rate:	Fixed Interest Rate
Margin:	3,5% Fixed Interest Rate
Default Interest:	To be agreed by both parties and incorporated into the agreement
Increases Costs:	None
Other Fees: (Commitment, Arrangement etc. Fees)	A 1% Fee will be payable by SAA to Grissag AG on each Drawdown Amount received.
4 REPAYMENT & PREPAYMENT	
Payment:	Quarterly payments of interest and a waiver of principal payment up to five (5) years (Grace period).
Voluntary Prepayment	Prepayments are acceptable. Conditional of Guarantee maturity annually. Both parties will communicate on this during the term of the loan facility.
Security:	75 % South African Government backed guarantees
5 REPRESENTATIONS, UNDERTAKING, COVENANTS AND DEFAULTS	
Representations and Warranties:	Both parties undertake that conditions set will be met by both.
Events of Default:	The guarantor will take full responsibility to discharge the obligations of the loan outstanding at the time of default in

I.P

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9410
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Email: sergey@grissag.co.za

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CEO: Sergey Pokusaev Director: Pieter van der Merwe

DRAFT FOR DISCUSSION ONLY

GRISSAG AG PTY (LTD)

Reg No.: 2015/070820/07

	accordance to agreement terms.
Undertakings:	The loan offered based on to be negotiated South African Government guarantee(s). Grissag AG undertakes to make available the funds at 3,5% fixed interest rate on time.
6 MISCELLANEOUS	
Costs and Expenses:	Each party to bear its own cost for drafting and execution of the agreement.
Transferability:	The lender shall have the right to cede its rights and obligations in terms of the Facility to a Third party without the consent of the Borrower.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Reg No.: 2015/070820/07

THIS TERM SHEET IS INDICATIVE OF THE LIKELY TERMS AND CONDITIONS BUT IS NOT INTENDED TO BE AN EXHAUSTIVE LIST OF TERMS AND CONDITIONS THAT WILL BE SET OUT IN THE FINANCE DOCUMENTS.

THIS TERM SHEET DOES NOT REPRESENT A LEGALLY BINDING FINANCING COMMITMENT (IMPLIED OR OTHERWISE) AND REMAINS SUBJECT TO, INTER ALIA, INTERNAL CREDIT APPROVAL, EXECUTION OF THE FINAL APPROVED CONTRACTUAL AGREEMENTS AND SATISFACTORY FINANCE DOCUMENTS BEING NEGOTIATED ON TERMS ACCEPTABLE TO LENDER.

FINANCE DOCUMENTS SHALL SUPERSEDE THE TERMS AND CONDITIONS INCLUDED IN THIS TERM SHEET AND IN CASE OF CONTRADICTION, PROVISIONS OF THE FINANCE DOCUMENTS SHALL PREVAIL.

~~By our signature we hereby accept in principle the terms of this Term Sheet.~~

GRISSAG AG (PTY) LTD REPUBLIC OF SOUTH AFRICA

Signatory: Sergey Pokusaev

Date: 25 May 2016

PITUMEZA NHANTSI

Signatory:

Date: 2 June 2016

DRAFT FOR DISCUSSION PURPOSES ONLY.
NON-BINDING AND SUBJECT TO SAA BOARD APPROVAL

IP

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Email: sergey@grissag.co.za

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CEO: Sergey Pokusaev Director: Pieter van der Merwe

CASS-525
CSB 53

BnP CAPITAL
Advisory & Investments

BnP Capital
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E daniel@bnpcapital.co.za

South African Airways
4th Floor, A Block
Airways Park
Jones Road
OR Tambo International Airport

08 June 2016

RE: BNP Capital / Grissag AG Services for & on behalf of SAA

Dear CFO,

On 3 June 2016, during the National Treasury /SAA /SAA funders meeting, the key points were:

1) The funding currently in place would be rolled over, over the various tenors offered by various institutions, with the clear understanding that a consolidated debt funding solution must be finalized by SAA. Indeed certain funders noted that the funding was a "bridge" - this interim funding should be replaced by long term funding;

2) The National Treasury stated that further financial support would be provided once the governance and compliance milestones have been achieved, including beefing up the board; put differently, until the going concern issues surrounding SAA are resolved, meaning that SAA faces challenges to attract long term efficient funding. It should be noted that all the funders with a presence in South Africa that are funding SAA were represented. So the total pool of funding for SAA was exhausted/ covered by these funders.

3) Each time the funding institutions roll over their funding, they increase their funding interest rates, thus taking advantage of the challenging position facing SAA.

I list the above key points to put into perspective the enormous task facing BNP Capital and its funding partners to pull off the long debt funding solution for and on behalf of SAA.

In the fulfillment of the above mandate, the following tasks has been implemented:

BNP CAPITAL

BNP Capital has, from the date of the mandate by / from SAA, put together a dedicated team of professionals, with various expertise and track record in the fulfillment of our mandate, in the fundraising exercise from our Global partners, including the Chinese (China Development Bank), The Middle East (Etihad in Abu Dhabi), Brazil, Canda and Europe (Grissag AG). This entails incurring both man hours and disbursements in its coordination.

GRISSAG AG

1) Grissag AG has been chosen and tasked to find a total of ZAR15bn from its various long-term investments around the globe, because of their efficient funding terms as listed below.
2) This entails breaking up those investments, and consequently the incurring of breakage costs, to achieve this fundraising of R15bn.
3) Following the written request from SAA of a term sheet stating, firstly, if we are able to raise this funding, given SAA's challenges above, and secondly, what are the terms attached to the funding raised, 4 directors were dispatched to Paris, France, on 1 June 2016. These directors came from, among other countries, Brazil, Canada, Russia.
4) In putting together the term sheets, for and on behalf of SAA, these directors have sent SAA 2 term sheets for SAA to choose their preferred choice. Grissag AG has had to keep these directors in Paris from 1 June to date, whilst waiting for receipt of SAA's preferred option, in the process incurring flights and accommodation costs, among others, in
€/$ to execute the sourcing of funds.
5) In addition, we have had to provide proof of funds, to demonstrate access to funds - Grissag AG incurs costs to put this in place.
6) To mitigate Grissag AG's losses in the event of SAA cancelling the funding as above, Grissag AG will invoice BNP Capital with cancellation charges of U$D5m.
7) Whilst BNP Capital and SAA delays in the sending of a signed, unconditional term sheet, indicating SAA's preferred option, Grissag AG has had to keep these directors in Paris, for 8 days and counting. Grissag AG is becoming of the view that as South Africa, we don't need these funds, and they want to abandon this process and our request, as they have business to attend to in their respective countries. We as BNP, they say, are wasting their time.
8) Regards the term sheets options given to SAA, we submit, with respect, that the terms secured - including the long term tenor, capital payment holiday of 5 years, efficient interest rates, the requirement of less government support compared to any of the current SAA funders - all these terms are better than any and all the terms currently offered by SAA's funders. Whilst our terms are much better than what SAA is able to command in the financial markets, the unconditional term sheets, are on their own, not binding contracts to SAA - SAA Legal, among others, surely knows this. To delay the sending of this signed off term sheet indicating SAA's choice jeopardizes this whole fundraising process. This surely cannot be in the interest of SAA.

T.P

OUR PRIMARY URGENT REQUEST TO SAA IS TO SIGN OFF THE TERM SHEET INDICATING ITS PREFERRED CHOICE, IMPORTANTLY, OMIT THE WRITE-UP "NOT BINDING" - THIS IS STATING THE OBVIOUS, AND FORWARD SAME - BEFORE THE CLOSE OF THE BUSINESS DAY TODAY, TO ENABLE THE DIRECTORS CURRENTLY IN PARIS, TO GET ON WITH THE WORK OF FINALISING THE RAISING OF FUNDS FOR & ON BEHALF OF SAA.

This schedule above also serves to demonstrate the justification for a cancellation fee clause.

Yours sincerely,

Daniel Mahlangu
CEO, BNP Capital

COMMISSION OF INQUIRY INTO STATE CAPTURE

COMMISSION OF INQUIRY
INTO STATE CAPTURE

GRISSAG AG PTY (LTD)

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No. 1997/022444/30

Term Loan Facility Term Sheet 2

For

Client: South African Airways

DATE: 25 May 2016

COMMISSION OF INQUIRY INTO STATE CAPTURE

South African Office:
Farm Smaldeel, Theunissen
9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

Financing & Banking Division
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Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

1 PARTIES	
Borrower:	South African Airways
Lender	Grissag AG (PTY) LTD)
Guarantor	The Government of the Republic of South Africa
2 FACILITY	
Facility Description:	Grissag AG will make available R15 billion to SAA subject to terms and conditions agreed by both parties and captured in an agreement.
Facility Amount:	R15 billion
Effective date	The date on which the transaction documents are concluded and become Legally Binding
Instrument	Long term loan
Term:	Maximum of fifteen (15) years
Final Maturity Date:	One Year and One day, from issuance and delivery of acceptable letter of guarantee, in URDG 758 demand guarantee format, duly confirmed as payable at the counters at maturity of a top 15 World bank acceptable to Grissag AG. The Guarantee shall be automatic renewable at maturity every year.
Funding Currency	South African Rand
Purpose:	Operational, Capital and debt consolidation by SAA
Loan Availability Period:	Not less than twenty one (21) bank business days after Grissag AG relevant specified respective funding institution(s) receipt and use as directed by Grissag AG, of each guarantee from SA government, provided however, that the said timing contemplates that each of the guarantee(s) are duly provided according to the discretion and specifications of Grissag AG, in its sole, although reasonable, discretion.
Drawdown:	Drawdown schedule(s) will be determined by both parties and incorporated into the agreement. All drawdown will be

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Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

	backed by SA government guarantees, according to a schedule made in the discretion of Grissag AG, which discretion shall be by Grissag AG reasonably and in good faith exercised.
3 PRICING	
Base Rate:	Fixed Interest Rate
Interest Rate:	3,5% Fixed Interest Rate
Reference Rate:	Fixed Interest Rate
Margin:	3,5% Fixed Interest Rate
Default Interest:	To be agreed by both parties and incorporated into the agreement
Increases Costs:	None
Other Fees: (Commitment, Arrangement etc. Fees)	A 1% Fee will be payable by SAA to Grissag AG on each Drawdown Amount received.
4 REPAYMENT & PREPAYMENT	
Payment:	Quarterly payments of interest and a waiver of principal payment up to five (5) years (Grace period).
Voluntary Prepayment	Prepayments are acceptable. Conditional of Guarantee maturity annually. Both parties will communicate on this during the term of the loan facility.
Security:	75 % South African Government backed guarantees
5 REPRESENTATIONS, UNDERTAKING, COVENANTS AND DEFAULTS	
Representations and Warranties:	Both parties undertake that conditions set will be met by both.
Events of Default:	The guarantor will take full responsibility to discharge the obligations of the loan outstanding at the time of default in

South African Office:
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Email: sergey@grissag.co.za

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Tel: +351 915 217087
Email: sergey@grissag.co.za

CEO: Sergey Pokusaev Director: Pieter van der Merwe

GRISSAG AG PTY (LTD)

Reg No: 2015/070260/07

	accordance to agreement terms.
Undertakings:	The loan offered based on to be negotiated South African Government guarantee(s). Grissag AG undertakes to make available the funds at 3,5% fixed interest rate on time.
6 MISCELLANEOUS	
Costs and Expenses:	Each party to bear its own cost for drafting and execution of the agreement.
Transferability:	The lender shall have the right to cede its rights and obligations in terms of the Facility to a Third party without the consent of the Borrower.

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/22144/30

T-P

South African Office:
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Gondomar, Portugal
Tel: +351 915 217087
Email: sergey@grissag.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

GRISSAG AG PTY (LTD)

By our signature we hereby accept in principle the terms of this Term Sheet.

Signatory: Sergey Pokusaev

Date: 25 May 2016

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Registration No 1997/022444/30

Signatory: P. Nhantsi CFO

Date: 8 June 2016

South African Office:
Farm Smaldeel, Theunissen
9410
Tel: +27 81 369 3615
Email: sergey@grissag.co.za

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Estradiol D. Miguel, 640|4510-243
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Email: sergey@grissag.co.za

CASS-535

Nhlakanipho N. Kunene

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Monday, 04 July 2016 09:17
To: Masotsha Mngadi
Subject: Re: FW: Draft Loan Agreement
Attachments: image002.jpg; image003.jpg; image004.jpg; image005.jpg; 116070408410900803.png

Hi bhuti

Please forward me the letter regarding the cancellation that reflects the fee of R49,9m in letterhead

Regards

Sent from my Samsung Galaxy smartphone.

-------- Original message --------
From: Masotsha Mngadi <mngadi.masotsha@gmail.com>
Date: 04/07/2016 09:09 (GMT+02:00)
To: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Subject: Re: FW: Draft Loan Agreement

Good morning Sis wam,

Regards Ursula's comments, please can she pinpoint exactly wnat her 'specialist concerns' are regards this loan agreement. She is very vague.

pecifically the tax issue she is raising, SAA deals with loans and loan agreements on a regular basis. Please may she explain what is the new tax concern/issue, different from the tax implications from other loan agreements SAA engages in as a matter of normal course of its course of its business. Is it the tax implications o SAA of the interest cost, or of the loan capital amount? She is vague. In any event, these issues should have the same tax implications as in other SAA loans.

My concern is the unfettered powers she has to dictate the pace at which she can decide to take in the finalisation of a 4 page agreement. Based on her feedback received today, 3 July 2016, from 27 June 2016, we are at the same point we were in on 27 June, namely little progress has been made the finalisation of this loan agreement.

Thanks, kindest regards.

Masotsha

On 04 Jul 2016 08:41, "Phumeza Nhantsi" <PhumezaNhantsi@flysaa.com> wrote:

Hi Bhuti,

Please refer below to the email that I got from legal and will follow up

Regards

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com

6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

---

From: Ursula Fikelepi
Sent: 01 July 2016 04:09 PM
To: Phumeza Nhantsi
Subject: RE: Draft Loan Agreement

Dear Phumeza

I have reviewed the drafts. We need some specialist advice in respect of some of the aspects of the transaction, for example tax, amongst others. I requested Procurement to assist me with procuring a law firm that will assist us with the transaction, particularly given its nature and size.

Procurement has not reverted yet with the appointment. I will advise once they have done this and we have addressed some of my concerns and specialist areas.

Kind regards,

Ursula Fikelepi | General Manager | Legal Risk and Compliance

Mobile: 0837960899 | Phone: 2711-978-5279 | E-Mail: UrsulaFikelepi@flysaa.com

Room SUITE 2, Floor 6, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Phumeza Nhantsi
Sent: 27 June 2016 11:10 AM
To: Ursula Fikelepi
Subject: FW: Draft Loan Agreement

Hi Ursula

Attached please find the draft loan agreement, could you please review and please lets conclude on these processes this Friday the 1st if July 2016

Regards

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com

6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 27 June 2016 10:55 AM
To: Phumeza Nhantsi
Subject: Draft Loan Agreement

Dear Ms Nhantsi,

Please find draft Grissag SA (Pty) Ltd loan agreement for your perusal and attention.

Kindest Regards

Daniel Mahlangu

Chief Executive Officer

For : **BnP Capital (Pty) Limited**

Direct Line : +27 (0) 11 783 7156

Fax : +27 (0) 86 588 9624

Mobile : +27 (0) 76 235 8504

E-mail : daniel@bnpcapital.co.za

Website : www.bnpcapital.co.za

BnP CAPITAL

Advisory & Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

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Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEME

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Rivonia, 2157

01 July 2016

Chief Financial Officer
Private Bag X13,
KEMPTON PARK,
1627

Dear CFO

CANCELLATION FEE REGARDING THE MANDATE OF FUNDRAISING FOR AND ON BEHALF OF SOUTH AFRICAN AIRWAYS ("SAA")

Our previous letter that required a cancellation fee of 50% of our total fees in the event that our fundraising mandate is cancelled by SAA for reasons beyond BNP Capital, refers.

Following concerns by SAA that the cancellation fee we requested is high, we have now consulted with Grissag AG, and the issue is the substantial cost of their penalty to us if we cancel.

So to ease the process of finding common ground amongst the parties, we propose that the cancellation fee be R49.9 million (exclusive of VAT).

Please let us know if lower amount will be agreeable by and acceptable to SAA.

Kindly acknowledge receipt.

Yours sincerely,

Daniel Mahlangu
CEO

COMMISSION OF INQUIRY INTO STATE CAPTURE

Cancellation Fee regarding the Mandate of Fundraising for and on behalf of South African Airways ("SAA")

Daniel Mahlangu <daniel@bnpcapital.co.za>
01/07/2016 at 14:40:51

From: **Daniel Mahlangu** <daniel@bnpcapital.co.za>
Sent: 01/07/2016 at 14:40:51
To: <phumezanhantsi@flysaa.com>
Cc:

1 Attachment(s) Total 193.8 KB View

BnP Capital Letterhead SAA.pdf (193.8 KB)

Dear Ms Nhantsi,
Please find below proposal for the above discussion for your attention.

Regards

Daniel Mahlangu
BnP Capital
0762358504

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-544
CSB57

BnP CAPITAL
Advisory & Investments

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

South African Airways
4th Floor, A Block
Airways Park
Jones Road
OR Tambo International Airport

04 July 2016

RE: Cancellation Fee regarding the Mandate of Fundraising for and on behalf of South African Airways ("SAA")

Dear CFO

Our previous letter that required a cancellation fee of 50% of our total fees in the event that our fundraising mandate is cancelled by SAA for reasons beyond BNP Capital, refers.

Following concerns by SAA that the cancellation fee we requested is high, we have now consulted with Grissag AG, and the issue is the substantial cost of their penalty to us if we cancel.

So to ease the process of finding common ground amongst the parties, we propose that the cancellation fee be R49.9m exclusive of VAT.

Please let us know if lower amount will be agreeable by and acceptable to SAA.

Kindly acknowledge receipt.

Yours sincerely,

Daniel Mahlangu
CEO, BNP Capital

COMMISSION OF INQUIRY INTO STATE CAPTURE

Nhlakanipho N. Kunene

From: Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Sent: Monday, 04 July 2016 11:01
To: Irvine Moyo
Cc: daniel@bnpcapital.co.za; mngadi.masotsha@gmail.com
Subject: RE: Cancellation Fee Letter

Good day

Thank you I have received the letter, I am doing a submission to the Board for the approval of the amount so I will revert with the response as soon as I get it

Thank you

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com
6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

---

From: Irvine Moyo [mailto:irvine@bnpcapital.co.za]
Sent: 04 July 2016 10:43 AM
To: Phumeza Nhantsi
Cc: daniel@bnpcapital.co.za; mngadi.masotsha@gmail.com
Subject: Cancellation Fee Letter

Dear CFO

Our previous letter that required a cancellation fee of 50% of our total fees in the event that our fundraising mandate is cancelled by SAA for reasons beyond BNP Capital, refers.

Following concerns by SAA that the cancellation fee we requested is high, we have now consulted with Grissag AG, and the issue is the substantial cost of their penalty to us if we cancel.

So to ease the process of finding common ground amongst the parties, we propose that the cancellation fee be R49.9m exclusive of VAT.

Please let us know if lower amount will be agreeable by and acceptable to SAA.

Kindly acknowledge receipt.

Yours sincerely,

Daniel Mahlangu

I. P

CASS-547
CSB58

WEBBER WENTZEL

in alliance with > Linklaters

90 Rivonia Road, Sandton
Johannesburg, 2196

PO Box 61771, Marshalltown
Johannesburg, 2107, South Africa

Docex 26 Johannesburg

www.webberwentzel.com

The South African Airways

By email:

Mr Musa Zwane: Acting SAA Group CEO
MusaZwane@flysaa.com

Ms Phumeza Nhantsi: Interim CFO: SAA
PhumezaNhantsi@flysaa.com

CC:

Mr Pravin Gordhan: Minister of Finance
minreq@treasury.gov.za

Mr Kenneth Brown: Chief Procurement Officer, Treasury
Lineo.Mohlabi@treasury.gov.za

BNP Capital (Pty) Ltd
Daniel@bnpcapital.co.za

Your reference	Our reference	Date
	M Hathorn/ T Phala/ C Botha 3011137	7 July 2016

Dear Sirs / Mesdames

Unlawful conduct in respect of bid number RFP GSM021/16: Appointment of a Transaction Advisor to Provide Financial Advice to SAA and the Decision to confine and award the contract for the sourcing of funds for the SAA Group to BNP Capital (Pty) Ltd

1 We confirm that we have been instructed by the Organisation Undoing Tax Abuse (**"OUTA"**), a non-profit organisation aimed at serving the promotion, protection and advancement of the Constitution of the Republic of South Africa in matters

Senior Partner: JC Els **Managing Partner:** SJ Hutton **Partners:** RB Africa NG Alp OA Ampofo-Anti RL Appelbaum AE Bennett DHL Booysen AR Bowley PG Bradshaw EG Brandt JL Brink S Browne MS Burger RI Carrim T Cassim RS Coelho KL Collier KM Colman KE Coster K Couzyn CR Davidow JH Davies PM Daya L de Bruyn JHB de Lange DW de Villiers BEC Dickinson MA Diemont DA Dingley G Driver HJ du Preez CP du Toit SK Edmundson AE Esterhuizen MJR Evans AA Felekis GA Fichardt JB Forman MM Gibson SJ Gilmour H Goolam CI Gouws PD Grealy A Harley JM Harvey MH Hathorn JS Henning KR Hillis XNC Hlatshwayo S Hockey CM Holfeld PM Holloway HF Human AV Ismail KA Jarvis ME Jarvis CM Jonker S Jooste LA Kahn M Kennedy A Keyser PN Kingston CJ Kok MD Kota J Lamb L Marais S McCafferty V McFarlane MC McIntosh SJ McKenzie M McLaren SI Meltzer SM Methula CS Meyer AJ Mills JA Milner D Milo NP Mngomezulu VM Movshovich M Mtshali SP Naicker RA Nelson BP Ngoepe A Ngubo ZN Ntshona MB Nzimande L Odendaal GJP Olivier N Paige AMT Pardini AS Parry S Patel GR Penfold SE Phajane MA Phillips HK Potgieter S Rajah D Ramjettan GI Rapson NJA Robb DC Rudman M Sader JW Scholtz KE Shepherd DMJ Simaan AJ Simpson J Simpson N Singh P Singh MP Spalding L Stein PS Stein MW Straeuli LJ Swaine Z Swanepoel A Thakor A Toefy PZ Vanda SE van der Meulen M van der Walt N van Dyk A van Niekerk JE Veeran D Venter B Versfeld MG Versfeld TA Versfeld DM Visagie J Watson KL Williams K Wilson RH Wilson J Woolman M Yudaken **Chief Operating Officer:** SA Boyd

Webber Wentzel is associated with ALN

relating to policy, laws or conduct that offend the rights, values and principles enshrined in the Constitution.

2 On 11 March 2016, South African Airways ("**SAA**") published a Request for Proposals RFP GSM021/16 entitled: Appointment of a Transaction Advisor to Provide Financial Advice to SAA ("**the Transaction Advisor Tender**"). The RFP sets out in Part 3 the Scope of Work for the Transaction Advisor Tender. The Scope of Work for the Transaction Advisor Tender was limited to the provision of analysis and advice on SAA's loan and lease agreements.

3 During April 2016, SAA awarded BNP Capital (Pty) Ltd the Transaction Advisor Tender and appointed BNP Capital (Pty) Ltd as the Transaction Advisor for SAA.

4 The process leading to the decision and the decision to award the Transaction Advisor Tender to BNP Capital (Pty) Ltd was contrary to:

4.1 The Evaluation Criteria for the Request for Proposals: BNP Capital (Pty) Ltd did not meet the threshold for the Phase 2, Functionality Criteria.

4.2 Clause 14 and clause 10.1 of the SAA Supply Chain Management Policy ("**SCM Policy**"): SAA did not evaluate the bids based on the content of the documentation and the evaluation criteria stipulated. SAA decided to do business with a supplier who did not meet the set evaluation criteria.

4.3 The objectives of the SAA SCM Policy: SAA failed to achieve value for money in its Supply Chain Management ("**SCM**") activities.

4.4 Clause 11.1 of the SAA SCM Policy. SAA failed to satisfy itself that the service requirements could be satisfied through existing contracts, subsidiaries or employees.

4.5 Clause 11.2.1 of the SAA SCM Policy: SAA procured services in a manner that was not in accordance with authorised policy.

LP

4.6 Clause 11.3.2 of the SAA SCM Policy: SAA restricted the Request for Proposals to respondent suppliers to the Request for Information on Transaction Advisory Services (RFI-GSM010/16) in circumstances where this was not specified in the RFI document.

4.7 Clause 12.5.1 of the SAA SCM Policy: The Transaction Advisor Tender was not advertised for at least 14 days before closing time.

4.8 Clause 3.2 and 4.4.1. of the SAA SCM Policy read with section 217 of the Constitution: SAA failed to contract for services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

4.9 Clause 3.4 of the SAA SCM Policy read with the principles of the Treasury Regulations issued in terms of the Public Finance Management Act: The head of Global Supply Management and Board of Directors failed in their duty and obligation to avoid abuse of the SCM system.

5 On 11 May 2016 SAA's Global Supply Management Unit made a request to the Bid Adjudication Committee ("**BAC**") to increase the scope of the contract under the Transaction Advisor Tender by confining and awarding to BNP Capital (Pty) Ltd a second contract for the sourcing of funds for SAA to settle certain of SAA's loans that were due to mature at the end of June 2016.

6 We are instructed that the BAC approved the recommendation of the Global Supply Management Unit on 13 May 2016. The recommendation was approved by the SAA Board of Directors by way of round robin vote on 24 May 2016.

7 BNP Capital (Pty) Ltd was accordingly appointed to source funding of R15 billion for SAA, at a success fee of 1.5% which equates to an amount of R225 million (exclusive of VAT) ("**the funding services**").

8 The process and decision to appoint BNP Capital (Pty) Ltd to provide the funding services – either as a new and self-standing contract through a confined process, or as an extension and/or variation of the contract under the Transaction Advisor Tender - was contrary to:

8.1 Clause 11.10 and 12 of the SAA SCM Policy: SAA was required to use a competitive tender with an open bidding process for contracts above the R500 000 threshold.

8.2 Clause 11.13 of the SAA SCM Policy: SAA undertook a process of limited / confined bidding when there were no exceptional circumstances justifying such a process.

8.3 Clause 11.18 of the SAA SCM Policy: SAA approved the extension of the contract awarded under tender RFP GSM 021/16 without the necessary approval, and without justification.

8.4 Clause 11.1 of the SAA SCM Policy: SAA failed to satisfy itself that the service requirements could be satisfied through existing contracts, subsidiaries or employees.

8.5 Clause 11.2.1 of the SAA SCM Policy: SAA procured services in a manner that was not in accordance with authorised policy.

8.6 Clause 3.2 and 4.4.1 of the SAA SCM Policy read with section 217 of the Constitution: SAA failed to contract for services in accordance with a system that is fair, equitable, transparent, competitive and cost-effective.

8.7 Clause 3.4 of the SAA SCM Policy read with the principles of the Treasury Regulations issued in terms of the Public Finance Management Act: The head of Global Supply Management and Board of Directors failed in their duty and obligation to avoid abuse of the SCM system.

9 The award of the Transaction Advisor Tender, and the decision to appoint BNP Capital (Pty) Ltd to provide funding services, constitute administrative action in terms of the Promotion of Administrative Justice Act 3 of 2000 (**"PAJA"**).

10 OUTA is therefore of the view that the process leading to both decisions, and the decisions themselves, were unlawful in that they were contrary to:

10.1 The terms of the Request for Proposals;

10.2 The SAA SCM Policy;

10.3 Sections 3 and 6 of PAJA;

10.4 The Public Finance Management Act;

10.5 The Preferential Procurement Policy Framework Act 5 of 2000;

10.6 Sections 33 and 217 of the Constitution; and

10.7 Section 54(2)(d) and/or section 54(2)(e) of the PFMA.

11 In the circumstances, OUTA requests an undertaking from SAA:

11.1 To suspend the performance of its payment obligations under any contract arising from the Transaction Advisor Tender and the funding services decision; and

11.2 To suspend the conclusion of any contracts arising from the Transaction Advisor Tender and the funding services decision, pending a lawful and / or competitive procurement process for the relevant services.

12 We request such an undertaking in writing by the authorised official by close of business on 13 July 2016, failing which we will launch appropriate proceedings in the High Court.

WEBBER WENTZEL
in alliance with > Linklaters

Yours sincerely

WEBBER WENTZEL
Moray Hathorn
Partner
Direct tel: +27 11 530 5539
Direct fax: +27 11 530 6539
Email: moray.hathorn@webberwentzel.com

COMMISSION OF INQUIRY INTO STATE CAPTURE

I P

CASS-554
CSB59

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	THE SAA BOARD
From:	Interim CFO
Date:	04 July 2016

REQUEST FOR ACEO AND BOARD TO APPROVE THE CANCELLATION FEE THAT THE TRANSACTION ADVISOR WILL REQUIRE SHOULD SAA TERMINATE THE MANDATE OF SOURCING THE FUNDS

1 PURPOSE

To request the ACEO and the Board to approve the cancellation fee that the Transaction Advisor ("TA") will require should SAA terminate the mandate of sourcing the funds.

2 MOTIVATION

On the 24th of May 2016 the Board approved the mandate for the approved TA to source funds for SAA. The company appointed is BNP (Pty) Ltd and subsequently the company acknowledged the receipt of the mandate but it came with the cancellation clause. The cancellation clause stipulates that should SAA terminate the mandate before its fulfilment because of matters/issues outside of BNP Capital's control, then SAA should pay R49,9m cancellation fee which is equivalent to 26.6% of the fees.

Basis for the Cancellation Fee based on the letter presented by BnP Capital (Pty) Ltd

- BnP Capital from the date of the mandate from SAA put together a dedicated team of professionals, with various expertise and track records in the fulfilment of the mandate. The fundraising exercise included consultation from their global partners, like China Development Bank, Etihad in Abu Dhabi, Brazil, Canada and Europe (Grissag AG)
- This exercise entails continuous incurring of both man hours and disbursements in the coordination and the execution.

- BnP Capital has engaged and tasked Grissag AG to find a total of R15bn from its various long-term investments around the globe.
- Grissag AG has incurred the breakage costs in breaking up the investments.

3 RECOMMENDATION

3.1 That the ACEO and the Board approve the cancellation fee should SAA terminate the mandate of sourcing the funds.

4 FINANCIAL IMPLICATION

An amount of R49,900,000 will be payable to BNP Capital (Pty)Ltd.

Compiled by:

Phumeza Nhantsi
Interim CFO

6/7/2016
Date

Recommended to Board:

Musa Zwane
Acting CEO

7/7/2016
Date

IP

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-6553
Email: companysecretary@flysaa.com

07 July 2016

Dear Director

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B24: REQUEST FOR ACTING CEO AND BOARD TO APPROVE THE CANCELLATION FEE THAT THE TRANSACTION ADVISOR WILL REQUIRE SHOULD SAA TERMINATE THE MANDATE FOR SOURCING FUNDS

We refer to the above matter and attach hereto the Written Resolution No. 2016/B24.

Kindly consider, sign and return to us the Written Resolution by 10h00, Monday, 11 July 2016 via email.

Kind regards

p.p.
Ruth Kibuuka
Company Secretary

Company Secretary
SOUTH AFRICAN AIRWAYS
South African Airways SOC Ltd
Reg No 1997/022444/30

COMMISSION OF INQUIRY INTO STATE CAPTURE

Directors

DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

SOUTH AFRICAN AIRWAYS
FLYSAA.COM

South African Airways
Company Secretary
Suite 2, 6th Floor
Airways Park
1627

Private Bag X13
ORT International Airport
1627

Tel: 27 11 978-5563
Email: [redacted]

07 July 2016

Dear Director

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B24: REQUEST FOR ACTING CEO AND BOARD TO APPROVE THE CANCELLATION FEE THAT THE TRANSACTION ADVISOR WILL REQUIRE SHOULD SAA TERMINATE THE MANDATE FOR SOURCING FUNDS

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Kind regards

p.p.
Ruth Kibuuka
Company Secretary

Company Secretary
SOUTH AFRICAN AIRWAYS
SOC Ltd

Directors
DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwinana*, JE Tembi* (Sierra Leonean)
*Non-Executive Director
Company Secretary - Ruth Kibuuka
South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

Nhlakanipho N. Kunene

From: Dudu Myeni <dudum@jacobzumafoundation.org.za>
Sent: Thursday, 07 July 2016 23:41
To: Mduduzi Nyoni
Cc: Duduzile Myeni; johnt@nepad.org; Yakhe Kwinana2; Musa Zwane; Phumeza Nhantsi; Ruth Kibuuka
Subject: Re: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee

Dear Mdu
Does this need Board Approval
If so I approve it.
Regards

Ms Dudu Myeni
Executive Chairperson
Phone: 035 789 5499
Email: dudum@jacobzumafoundation.org.za

On 07 Jul 2016, at 3:11 PM, Mduduzi Nyoni <MduduziNyoni@flysaa.com> wrote:

<11607071512400060 9.png>

Dear SAA Board Member,

Attached herewith for your consideration and approval please find the round robin in respect of the approval of the cancellation fee to the Transaction Advisor. Please kindly communicate your decision as indicted in the round robin form.

Kind regards

Mduduzi Nyoni | Deputy Company Secretary | Company Secretary
<image001.jpg>Mobile: 060-546-8539 | <image002.jpg>Phone: +2711-978-6992 | <image003.jpg>Fax: +2711-978-6161 | <image004.jpg>E-Mail: MduduziNyoni@flysaa.com
Room 108, Floor 1, Block F, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

<116070715124000909.png>

<Round Robin 2016-B24 - TA Cancellation Fee_Form.pdf>
<Round Robin 2016-B24 - TA Cancellation Fee_Submission.pdf>

Nhlakanipho N. Kunene

From: Yakhe Kwinana <yakhe@kwinana.co.za>
Sent: Thursday, 07 July 2016 21:30
To: Mduduzi Nyoni; Duduzile Myeni; 'dudum@jacobzumafoundation.org.za' (dudum@jacobzumafoundation.org.za) (dudum@jacobzumafoundation.org.za); johnt@nepad.org; Musa Zwane; Phumeza Nhantsi
Cc: Ruth Kibuuka; Dikeledi Raboroko; Fundiswa Goduka; Carol Chinjeke
Subject: Re: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee

Dear Mdu

The cancellation fee should have been included as part of the bid and the amount be included as one of the factors to consider in evaluation and adjudication and be compared with all other bids, which may, with this inclusion, be cheaper.

In view of this I do not support this round robin.

Yakhe Kwinana

Sent from my Samsung device

-------- Original message --------
From: Mduduzi Nyoni <MduduziNyoni@flysaa.com>
Date: 2016/07/07 3:17 PM (GMT+02:00)
To: Duduzile Myeni <dudumyeni@telkomsa.net>, "'dudum@jacobzumafoundation.org.za' (dudum@jacobzumafoundation.org.za) (dudum@jacobzumafoundation.org.za)" <dudum@jacobzumafoundation.org.za>, johnt@nepad.org, Yakhe Kwinana <yakhe@kwinana.co.za>, Musa Zwane <MusaZwane@flysaa.com>, Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Cc: Ruth Kibuuka <RuthKibuuka@flysaa.com>, Dikeledi Raboroko <DikelediRaboroko@flysaa.com>, Fundiswa Goduka <FundiswaGoduka@flysaa.com>, Carol Chinjeke <CarolChinjeke@flysaa.com>
Subject: RE: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee

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Kind regards

Mduduzi Nyoni | Deputy Company Secretary | Company Secretary

Mobile: 060-546-8539 | Phone: +2711-978-6992 | Fax: +2711-978-6161 | E-Mail: MduduziNyoni@flysaa.com

Room 108, Floor 1, Block F, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (SierraLeonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMI

To:	SAA BOARD OF DIRECTORS
From:	INTERIM CHIEF FINANCIAL OFFICER
Date:	07 July 2016

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B24: REQUEST FOR ACTING CEO AND BOARD TO APPROVE THE CANCELLATION FEE THAT THE TRANSACTION ADVISOR WILL REQUIRE SHOULD SAA TERMINATE THE MANDATE FOR SOURCING FUNDS

PURPOSE

The purpose of this submission is to request approval of the cancellation fee that BNP Capital (Pty) Ltd, the Transaction Advisor in respect of the debt consolidation transaction, will require should SAA terminate the mandate of sourcing the funds.

BACKGROUND AND MOTIVATION

For further information in this regard, the Board members are referred to the accompanying submission.

RECOMMENDATION

It is accordingly recommended that the cancellation fee of R49 900 000 that BNP Capital (Pty) Ltd will require should SAA terminate the mandate of sourcing the funds in respect of the debt consolidation transaction be and is hereby approved.

NAME OF DIRECTOR	IN FAVOUR	AGAINST	ABSTAIN
Musa Zwane		X	

SIGNED: _____ DATE: 07/7/2016

BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7186 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

South African Airways
4th Floor, A Block
Airways Park
Jones Road
OR Tambo International Airport

04 July 2016

RE: Cancellation Fee regarding the Mandate of Fundraising for and on behalf of South African Airways ("SAA")

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So to ease the process of finding common ground amongst the parties, we propose that the cancellation fee be R49.9m exclusive of VAT.

Please let us know if lower amount will be agreeable by and acceptable to SAA.

Kindly acknowledge receipt.

Yours sincerely,

Daniel Mahlangu
CEO, BNP Capital

IP

To:	**SAA BOARD OF DIRECTORS**
From:	**INTERIM CHIEF FINANCIAL OFFICER**
Date:	**07 July 2016**

SAA BOARD OF DIRECTORS' WRITTEN RESOLUTION NO 2016/B24: REQUEST FOR ACTING CEO AND BOARD TO APPROVE THE CANCELLATION FEE THAT THE TRANSACTION ADVISOR WILL REQUIRE SHOULD SAA TERMINATE THE MANDATE FOR SOURCING FUNDS

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NAME OF DIRECTOR	*IN FAVOUR*	*AGAINST*	*ABSTAIN*

SIGNED: _____ DATE: _____

CASS-565

Nkosana N. Sifumba

From: Dudu Myeni <dudum@jacobzumafoundation.org.za>
Sent: Thursday, 07 July 2016 23:41
To: Mduduzi Nyoni
Cc: Duduzile Myeni; johnt@nepad.org; Yakhe Kwinana2; Musa Zwane; Phumeza Nhantsi; Ruth Kibuuka
Subject: Re: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee

Dear Mdu
Does this need Board Approval
If so I approve it.
Regards

Ms Dudu Myeni
Executive Chairperson
Phone: 035 789 5499
Email: dudum@jacobzumafoundation.org.za

On 07 Jul 2016, at 3:11 PM, Mduduzi Nyoni <MduduziNyoni@flysaa.com> wrote:

<11607071512400060 9.png>

Dear SAA Board Member,

Attached herewith for your consideration and approval please find the round robin in respect of the approval of the cancellation fee to the Transaction Advisor. Please kindly communicate your decision as indicted in the round robin form.

Kind regards

Mduduzi Nyoni | Deputy Company Secretary | Company Secretary
<image001.jpg>Mobile: 060-546-8539 | <image002.jpg>Phone: +2711-978-6992 | <image003.jpg>Fax: +2711-978-6161 | <image004.jpg>E-Mail: MduduziNyoni@flysaa.com
Room 108, Floor 1, Block F, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

<11607071512400090 9.png>

<Round Robin 2016-B24 - TA Cancellation Fee_Form.pdf>
<Round Robin 2016-B24 - TA Cancellation Fee_Submission.pdf>

CASS-567
CSB61

Thursday, May 9, 2019 at 2:45:44 PM South Africa Standard Time

Subject: Re: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee
Date: Thursday, 07 July 2016 at 21:29:41 South Africa Standard Time
From: Yakhe Kwinana
To: Mduduzi Nyoni, Duduzile Myeni, 'dudum@jacobzumafoundation.org.za' (dudum@jacobzumafoundation.org.za) (dudum@jacobzumafoundation.org.za), johnt@nepad.org, Musa Zwane, Phumeza Nhantsi
CC: Ruth Kibuuka, Dikeledi Raboroko, Fundiswa Goduka, Carol Chinjeke
Attachments: 116070715123800909.png, image001.jpg, image002.jpg, image003.jpg, image004.jpg, 116070715123801309.png

Dear Mdu

The cancellation fee should have been included as part of the bid and the amount be included as one of the factors to consider in evaluation and adjudication and be compared with all other bids, which may, with this inclusion, be cheaper.

In view of this I do not support this round robin.

Yakhe Kwinana

Sent from my Samsung device

-------- Original message --------
From: Mduduzi Nyoni <MduduziNyoni@flysaa.com>
Date: 2016/07/07 3:17 PM (GMT+02:00)
To: Duduzile Myeni <dudumyeni@telkomsa.net>, "'dudum@jacobzumafoundation.org.za' (dudum@jacobzumafoundation.org.za) (dudum@jacobzumafoundation.org.za)" <dudum@jacobzumafoundation.org.za>, johnt@nepad.org, Yakhe Kwinana <yakhe@kwinana.co.za>, Musa Zwane <MusaZwane@flysaa.com>, Phumeza Nhantsi <PhumezaNhantsi@flysaa.com>
Cc: Ruth Kibuuka <RuthKibuuka@flysaa.com>, Dikeledi Raboroko <DikeledRaboroko@flysaa.com>, Fundiswa Goduka <FundiswaGoduka@flysaa.com>, Carol Chinjeke <CarolChinjeke@flysaa.com>
Subject: RE: SAA Board Round Robin 2016-B24 Approval of the TA Cancellation Fee

Dear SAA Board Member,

Attached herewith for your consideration and approval please find the round robin in respect of the approval of the cancellation fee to the Transaction Advisor. Please kindly communicate your decision as indicted in the round robin form.

Kind regards

Mduduzi Nyoni | Deputy Company Secretary | Company Secretary

Mobile: 060-546-8539 | Phone: +2711-978-6992 | Fax: +2711-978-6161 | E-Mail: MduduziNyoni@flysaa.com

Room 108, Floor 1, Block F, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

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Directors

DC Myeni* (Chairperson), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALI

Nick,
083-631-8372

CS24

South African Airways
Human Resources
5thFloor, Suite 6, Block A
Airways Park
OR Tambo International Airport

P/Bag X13
OR Tambo International Airport
1627

Tel: 27 11 978- 1908

Email: phumezanhantsi@flysaa.com

SOUTH AFRICAN AIRWAYS

July 5, 2016

Ms Cynthia Stimpel
SBM955L
Finance - HOD Treasury
Airways Park

Per Hand

RE: NOTIFICATION OF SUSPENSION FROM DUTY

You are hereby notified that you are suspended from work an investigation and/or the outcome of a disciplinary hearing, which includes among others, removal of company confidential tender documents without permission from procurement. Your suspension from work will be on full pay.

During your suspension, you may not enter the premises of SAA, unless authorized by **Ms Phumeza Nhantsi.** Furthermore, you must report telephonically to your line manager, **Ms Phumeza Nhantsi**, before 09h00 every day. The following Numbers should be used: **Land Line: 011 978-1908**. You are required to hold yourself available to the Company and report personally to the Company if requested to do so. If you fail to comply with this requirement, you will not be paid and disciplinary action may be taken against you in this regard. Or preferable on SMS on 0627837290

You are requested to surrender your company access cards, office keys, laptop and any other company property, documents, computer disks and the like in your possession, with immediate effect.

Kind Regards

Phumeza Nhantsi
Acting Chief Financial Officer

Directors

DC Myeni* (Chairperson), M Zwane (Acting Chief Executive Officer), P Nhantsi (Interim Chief Financial Officer), Y Kwinana*, JE Tambi* (Sierra Leonean)

*Non-Executive Director

Company Secretary - Ruth Kibuuka

South African Airways SOC Ltd Reg. No. 1997/022444/30

A STAR ALLIANCE MEMBER

COMMISSION OF INQUIRY INTO STATE CAPTURE

I, Cynthia Stimpel, hereby acknowledge receipt of this letter on the 5 July 2016.

Mrs C Stimpel (Signature)

My telephone and mobile are 076 669 8829 (Cell) and 011 472 1455 (Home) and home address is as follows: 6 Sinklene Avenue Fenchof 1709

Signature of Manager issuing Notice

Date: 05/7/16 Time: 16:09

In the event that the employee refuses to sign:

Declaration of witness: I, _____, confirm that I have witnessed that this letter has been handed and explained to the above named employee.

Signed _____ Position _____ Date _____

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-572
CSD 62

242

BnP CAPITAL
Advisory & Investments

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

8/7/2016

South African Airways
4Th Floor
A block
Airways Park
Jones Road
OR Tambo International Airport

Dear Ms Nhantsi,

Re: Bid Number RFP GSM 012/16

I would like to clarify the issue of the Financial Services Board ("FSB") licence. BnP Capital ("BnP") received a letter from the FSB dated 12.05.2016 indicating its intention to temporary suspend BnP licence for a period of three months based on the reason that according to the FAIS Act section 10, the Key Individual failed to successfully complete the first level regulatory examinations applicable to the categories/sub categories for which they are authorised or approved.

The letter indicated the terms of the lifting of the suspension. Some of the terms included the compliance with the Fit and Proper requirements as per the FAIS Act. The only requirement was that BnP Key Individual must write the first level regulatory exams applicable to the categories.

On the 23rd of June 2016, BnP wrote a letter of appeal to FBS requesting it not to proceed with the withdrawal of the licence on the basis that it is up-to-date with almost all the requirements of the Fit and Proper as per the FAIS Act except for the first level regulatory examinations which its Key Individual will complete in July 2016.

However, the transactional advisory tender was awarded to BnP before the suspension discussion with the FSB.

I hope the above is in order.

Yours faithful

BnP Director
Daniel Mahlangu

Private Bag x43,
Sunninghill, 2157

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

From: Ursula Fikelepi [mailto:UrsulaFikelepi@flysaa.com]
Sent: Wednesday, 06 July, 2016 12:46 PM
To: Phumeza Nhantsi
Cc: irvine@bnpcapital.co.za
Subject: RE: Draft Loan Agreement

Dear Phumeza

Please confirm that the Lender has an FSB licence and is authorised under South African law to provide this financial product. Please also send us a copy of such licence/permit/authorisation as well as confirmation from the FSB and other applicable regulator of the Lender's good standing.

Kind regards,

Ursula Fikelepi | General Manager | Legal Risk and Compliance

Mobile: 0837960899 | Phone: 2711-978-5279 | E-Mail: UrsulaFikelepi@flysaa.com
Room SUITE 2, Floor 6, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Phumeza Nhantsi
Sent: 27 June 2016 11:10 AM
To: Ursula Fikelepi
Subject: FW: Draft Loan Agreement

Hi Ursula

Attached please find the draft loan agreement, could you please review and please lets conclude on these processes this Friday the 1st if July 2016

Regards

Phumeza Nhantsi | Interim Chief Finance Officer | Finance

Mobile: 060 544 5615 | Phone: +2711-978-1736 | E-Mail: PhumezaNhantsi@flysaa.com
6th Floor, Airways Park, OR Tambo International Airport- Johannesburg- South Africa

I.P

Nhlakanipho N. Kunene

From: Ursula Fikelepi <UrsulaFikelepi@flysaa.com>
Sent: Wednesday, 06 July 2016 14:11
To: Phumeza Nhantsi
Subject: FW: Draft Loan Agreement
Attachments: BNP FSP Licence.pdf

Hi Phumeza

Please see response below and confirm that BnP and not Grissag is the Lender.

Kind regards,

Ursula Fikelepi | General Manager | Legal Risk and Compliance

Mobile: 0837960899 | Phone: 2711-978-5279 | E-Mail: UrsulaFikelepi@flysaa.com
Room SUITE 2, Floor 6, Airways Park, OR Tambo International- Johannesburg- SOUTH AFRICA

From: Irvine Moyo [mailto:irvine@bnpcapital.co.za]
Sent: 06 July 2016 01:32 PM
To: Ursula Fikelepi; Phumeza Nhantsi
Cc: daniel@bnpcapital.co.za
Subject: RE: Draft Loan Agreement

Dear Ursula

We can confirm that the Funding Entity has an FSB licence and is authorised under South African law to provide this financial product. See attached the FSP Licence.

Irvine T Moyo
Senior Investment Associate

BnP CAPITAL
Advisory & Investments

Direct Line: *+27 (0) 11 234 0710*
Mobile: *+27 (0) 73 020 5377*
Fax : *+27 (0) 86 588 9624*
Email: *irvine@bnpcapital.co.za*
Website: *www.bnpcapital.co.za*

Building 6, Tuscany Office Park,
5 Coombe Place,
Rivonia,
2121

Postnet Suite 436,

IP

20110026/FSP
02/12/2011

FINANCIAL SERVICES BOARD

LICENCE No. 43315

FINANCIAL SERVICES PROVIDER
Financial Advisory and Intermediary Services Act, 2002

It is hereby certified that with effect from 8 November 2011

BNP CAPITAL (PTY) LTD

IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT NO. 37 OF 2002)
subject to the conditions and restrictions set out in the Annexure

08 NOV 2011

REGISTRAR OF FINANCIAL SERVICES PROVIDERS

This document is to be displayed in terms of section 8(6)(a) of the Act. The Annexure to be available for the information of clients

VONANI CATHERINE LA CAMEA
COMMISSIONER OF OATHS (RSA)
[illegible]

CERTIFIED A TRUE COPY
OF THE ORIGINAL

23/6/2016

COMMISSION OF INQUIRY INTO STATE CAPTURE

CASS-577
CSB63

FSCA
Financial Sector
Conduct Authority

Riverwalk Office Park Block B
41 Matroosberg Road Ashlea Gardens
Extension 6, Pretoria 0181

Tel. +27 12 428 8000
Toll free. 0800 20 3722
Fax. +27 12 346 6941
Email. info@fsca.co.za
Website. www.fsca.co.za

ENQUIRIES:	Caroline Da Silva	**DIALLING NO.:**	012 422 2801
OUR REF:	FSP 43315	**FAX:**	012 422 2973
DATE:	7 February 2019	**E-MAIL:**	Caroline.dasilva@fsca.co.za

PRIVATE AND CONFIDENTIAL

JUDICIAL COMMISSION OF ENQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE
2nd Floor, Hillside House
17 Empire Road
Parktown
Johannesburg
2193

Email address: nhlakanipho k@commissionsc.org.za;
zamaswazim@commissionsc.org.za;
sphiwem@commissionsc.org.za;

Dear Mr Pedlar

RE: REQUEST FOR INFORMATION REQUIRED FOR PURPOSES OF THE JUDICIAL COMMISSION OF ENQUIRY INTO ALLEGATIONS OF STATE CAPTURE, CORRUPTION AND FRAUD IN THE PUBLIC SECTOR INCLUDING ORGANS OF STATE ("THE COMMISSION")

1. Your letter dated 29 January 2019 refers.

2. The Financial Sector Conduct Authority (FSCA), successor of the Financial Services Board (FSB), provides the following information in response to your enquiry about BNP Capital (Pty) Ltd (BNP):

   2.1 BNP was an authorised Financial Services Provider with FSP number 43315.

   2.2 The licence application of BNP was approved on 8 November 2011 by the Registrar of Financial Services Providers (the Registrar). Attached as Annexure "A" is a copy of the licence issued to BNP, including the conditions attached to the license.

Transitional Management Committee:
AM Sithole (Commissioner) DP Tshidi C da Silva J Boyd M du Toit P Kekana C Gibson O Makhubela S Mmakau

2.3 BNP is not currently an authorised FSP as its licence was withdrawn on 3 November 2016.

3 On 1 December 2015 the Registrar's office contacted Mr Pholisani Daniel Mahlangu (identity number 730115 5649 085), the key individual of BNP, requesting proof that he had successfully completed the first level regulatory examination. As a key individual it was required of him to successfully complete the examination by 30 November 2015. A follow up email was sent to Mr Mahlangu on 18 December 2015.

4 On 13 January 2016 the Registrar's office informed Mr Mahlangu that since he failed to respond the matter will be referred for regulatory action.

5 On 13 January 2016 Mr Mahlangu responded by saying that the examinations were moved to 18 January 2016. The correspondence with Mr Mahlangu is attached as Annexure "B".

6 However, despite an undertaking to write the examination by 18 January 2016, the FSCA's records reflect that Mr Mahlangu was absent from the examinations on that day.

7 BNP was then issued with a Notice of Intention to Suspend Authorisation on 23 March 2016, for a contravention of section 10 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2008, because its key individual had failed to successfully compete the first level regulatory examination. Attached as Annexure "C" is a copy of the email to the licensee and the Notice of Intention to Suspend Authorisation.

8 On 12 May 2016 BNP's license was suspended. Attached as Annexure "D" is a copy of the email to the licensee and the Notice of Suspension of Authorisation.

9 Paragraph 6 of the Notice of Suspension of Authorisation set out the terms attached to the Suspension of the licence. In particular, the general terms attached to the suspension of the licence were as follows:

9.1 The licensee's authorisation was suspended for three months from the date of the notice.

9.2 The suspension could be lifted at any time during the period of suspension if the licensee complied with all the terms attached to the suspension.

9.3 The Registrar, at expiry of the suspension period, would proceed with the withdrawal of the licensee's authorisation if it had failed to comply with all the terms attached to the suspension.

9.4 The licensee was required to inform all affected clients and product suppliers concerned that its licence had been suspended.

9.5 The licensee was prohibited from concluding any new business as envisaged by the Financial Advisory and Intermediary Services Act, 2002 (FAIS) from the date of suspension.

9.6 The licensee was required, in consultation with the clients and product suppliers concerned, to take reasonable steps to ensure that any outstanding business was transferred to another authorised FSP in the best interest of the clients.

10 On 23 June 2016 the licensee requested the Registrar not to proceed with the withdrawal of its licence on the basis that, (a) its licence was up to date, (b) that the compliance reports were up to date and (c) the key individual would be writing his regulatory examination at the beginning of July 2016. This correspondence is attached as Annexure "E".

11 On 11 July 2016 the Registrar's office contacted Mr Mahlangu because the information at its disposal indicated that he still had not passed the regulatory examination and required of BNP to provide with reasons why its licence should not be withdrawn.

12 Mr Mahlangu responded on the same date and indicated that he could not write the exam because of the relentless media attack on his business and because he was required to attend interviews with the media houses to clarify the allegations levelled against BNP. He indicated that he managed to secure another date for the examination and asked that he be afforded until the end of July 2016 to meet the requirement. He provided proof enrolment for the regulatory examination for 26 July 2016. This correspondence is attached as Annexure "F".

13 On 19 July 2016 the licensee applied for an exemption from the requirement for its key individual to successfully write the regulatory examination.

14 The exemption application was declined on 11 August 2016 and the licensee was so notified. The exemption application correspondence is attached as Annexure "G".

15 On 12 August 2016 the licensee contacted the Registrar's office to request a profile change to add Mr Samuel Matimba as the key individual for BNP.

16 On 17 August 2016 an email was received from Mr Samuel Matimba requesting the Registrar to immediately withdraw his name as an applicant for appointment as the key individual for BNP. The profile change correspondence is attached as Annexure "H".

17 On 22 August 2016 BNP was informed that because of the withdrawal of the application for appointment of Mr Samuel Matimba as key individual, the licensee was given until 5 September 2016 to comply, failing which the withdrawal of its licence would follow.

18 On 1 September 2016 BNP sent another profile change notification requesting that its license be down-graded from Category II to Category I (Short – Term Bank Deposits and Long-Term Bank Deposits) due to the non-availability of a key individual who meets the fit and proper requirements in respect of Category II activities in compliance with FAIS requirements. This application was accompanied by an application for the approval of Ms Nikashni Gajoo (ID 7709190005081) as a key individual for BNP. Please refer to Annexure "I" in this regard.

19 Annexure On 7 September 2016, BNP was notified through an email that its business plan was not aligned to the activities of a Category I FSP. The licensee was given until 12 September 2016 to respond to this finding. Please refer to Annexure "J" in this regard.

20 On 13 September 2016, BNP sent a revised business plan. The business plan is attached as Annexure "K".

21 On 16 September 2016 the Registrar's office confirmed that it had reviewed the amended business plan and the subsequent explanatory notes from the licensee. As further clarity was still required, the licensee was requested to avail itself for a meeting at the FSB's offices on 20 September 2016 or 21 September 2016. The meeting was subsequently held on 22 September 2016. Please refer to Annexure "L" in this regard.

22 On 23 September 2016 the Registrar's office confirmed that it had been a resolution at the meeting that the licensee would be afforded another opportunity to amend the business plan to appropriately reflect the business activities in which it was involved. On the same day, an article appeared on the *Business Day Live* website. The article was forwarded to the licensee for comment as the details about the activities of the licensee contradicted what the licensee had earlier explained to the Registrar's office. This correspondence is attached as Annexure "M".

23 On 26 September 2016, the licensee indicated that it had been misquoted by the media.

24 On 7 October 2016, the nominated key individual of the licensee, Ms Nikashni Gajoo, was invited to a meeting to be held at the FSB's offices on 12 October 2016. The meeting was subsequently held in the presence of the nominated key individual and Mr. Mahlangu (Director and 70% shareholder of the licensee). The relevant correspondence is attached as Annexure "N".

25 On 13 October 2016, the Registrar's office issued BNP with a letter confirming the details of the discussion at the meeting held on 12 October 2016 and that the business activities of the licensee fell outside the scope of the FAIS Act. The licensee was given an option to lapse the licence. It was indicated that the failure to do so would result in the Registrar withdrawing the licence. The licensee acknowledged the contents of the letter and indicated that it would lapse the licence. Please see Annexures "O" & "P" in this regard.

26 However, a profile change for the lapsing of BNP's licence in accordance with section 11 of the FAIS Act, was not received.

27 On 3 November 2016 BNP was issued a Notice of Withdrawal of Authorisation. Attached as Annexure "Q" is a copy of the email addressed to the licensee and the Notice of Withdrawal of Authorisation.

28 On 9 July 2018 the FSB received a request from the South African Police Service for an affidavit regarding the licensee. The case number was C/26/102/2. The requested affidavit was provided on 3 August 2018. The FSCA has not been able to locate a copy of the signed affidavit and could also not obtain a copy from the investigating officer, who is currently on leave. A copy of the final draft affidavit is attached as Annexure "R".

29 BNP was licensed to provide financial advice and intermediary services as follows:

Category	A	B
1. 8 Securities and Instruments: Shares	Yes	Yes
1. 9 Securities and Instruments: Money market instruments	Yes	Yes
1.10 Securities and Instruments: Debentures and securitised debt	Yes	Yes
1.11 Securities and Instruments: Warrants, certificates and other instruments	Yes	Yes
1.12 Securities and Instruments: Bonds	Yes	Yes
1.13 Securities and Instruments: Derivative instruments	Yes	Yes
1.17 Deposits Defined in the Banks Act - exceeding 12 months	Yes	Yes
1.18 Deposits defined in the Banks act - 12 months or less	Yes	Yes

2. 5 Securities and Instruments: Shares		Yes
2. 6 Securities and Instruments: Money market instruments		Yes
2. 7 Securities and Instruments: Debentures and securitised debt		Yes
2. 8 Securities and Instruments: Warrants, certificates and other instruments		Yes
2. 9 Securities and Instruments: Bonds		Yes
2.10 Securities and Instruments: Derivative Instruments		Yes
2.13 Long-term Deposits		Yes
2.14 Short-term Deposits		Yes

30 In terms of the FAIS Act "advice" means, subject to subsection (3)(a), any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients -

(a) in respect of the purchase of any financial product; or

(b) in respect of the investment in any financial product; or

(c) on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product; or

(d) on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product, and irrespective of whether or not such advice -

(i) is furnished in the course of or incidental to financial planning in connection with the affairs of the client; or

(ii) results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being effected;

31 In terms of the FAIS Act 'intermediary service' means, subject to subsection (3)(b), any act other than the furnishing of advice, performed by a person-

(a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product; or

(b) with a view to-

(i) buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product;

(ii) collecting or accounting for premiums or other moneys payable by the client in respect of a financial product; or

(iii) receiving, submitting, processing or settling the claims of a client in respect of a financial product;

32 From these definitions it is apparent that only advisory and intermediary services that relate to "financial products" fall within the regulatory ambit of the FAIS Act and are subject to the jurisdiction of the FSCA. Put differently, when a financial services provider conducts, as part of its business, an activity unrelated to any financial product, (wedding catering services for example), such activity does not fall under the FAIS Act as there is no financial product involved.

33. BNP was authorised to provide advice and intermediary services (as defined) in respect of the product categories as set out in in the table above. Any other activities or services which BNP may have been providing in the course of its business, which did not fall within the definitions or were unrelated to any financial product as defined in the FAIS Act was therefore not subject to the jurisdiction of the FSB/Registrar. The activity of providing advice on fundraising or the sourcing of funds is not an activity that falls within the ambit of the FAIS Act, unless it involves one of the activities referred to in paragraph 29, 30 or 31 above. When it was discovered that BNP's business activities are unrelated to FAIS, it was required to lapse its licence. The reason is that licences issued by the regulator are not commercial commodities which may be used, i.e. the fact that a licence was issued, to lend the veneer or validity or respectability to other and unrelated business activities undertaken by a provider. If no FAIS activity is undertaken for which the licence was issued, the licence must either be lapsed or will be withdrawn.

34. Against this background the answers to the question posed in paragraph 5.3 of the Commission's letter are as follows:

34.1 Upon the suspension and later withdrawal of BNP's licence, BNP was not permitted to render any financial services, i.e. advice or intermediary services relating to the financial products for which it was approved.

34.2 The suspension and later withdrawal of BNP's licence did not affect any other business activity which may have been undertaken unrelated or outside of the FAIS Act.

34.3 As such, the regulatory action taken by the Registrar's office against BNP did not affect such other activities or services.

I trust that the information provided will assist the Commission in its inquiry. The FSCA is available to provide any further clarification or assistance which may be required.

IP

Yours faithfully

CAROLINE DA SILVA
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

A

0082-0996-0001-0009

2011/00283/FSP
02/12/2011

FINANCIAL SERVICES BOARD

LICENCE No. 43315

FINANCIAL SERVICES PROVIDER
Financial Advisory and Intermediary Services Act, 2002

It is hereby certified that with effect from 8 November 2011

BNP CAPITAL (PTY) LTD

IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT No. 37 OF 2002) subject to the conditions and restrictions set out in the Annexure

REGISTRAR OF FINANCIAL SERVICES PROVIDERS

This document to be displayed in terms of section 8(8)(a) of the Act. The Annexure to be available for the information of clients.

TP

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

CONDITIONS AND RESTRICTIONS

individual, of the provider, in addition to acting also in such cases in accordance with the procedure and time limit set out in Condition 1, also ensure full compliance with section 8(4)(b) of the Act, the provisions of which must be regarded as included in this Condition

3 The financial services provider must within one month of the date contemplated in section 7 of the Act, submit a copy of the register kept in terms of section 13(3) of the Act to the Registrar and must thereafter in accordance with the procedure and time limit set out in Condition 1, inform the Registrar of any change effected to the details as contained in that register.

4 The financial services provider must not in any manner change the name of the financial services business as reflected on the licence concerned, or carry on any financial services business under such a changed name, unless- (a) the provider has fully complied with the provisions of any other law than the Act which regulates such change of business name (if any); (b) the provider has fully disclosed to the Registrar the details of such compliance with such other law; (c) the Registrar is satisfied that such change of name is otherwise lawful and has approved such change of name, and (d) the Registrar has issued to the provider an appropriately amended licence under the provisions of section 8(5)(b)(i) of the Act

5 The financial services provider must at all times ensure that any financial product in respect of which the provider intends to render a financial service, qualifies as a financial product contemplated in the Act and is or will be lawfully issued by the relevant product supplier by virtue of an authority approval or right granted to such supplier under a law as contemplated in the definition of 'product supplier' in section 1(1) of the Act.

3. **Applicable exemptions (if any):**

Exemption of financial services providers as regards to representatives (Board Notice 95 of 2003)
Exemption of licensees as regards display certified copies of licences (Board Notice 40 of 20040

IP

COMMISSION INTO STATE CAPTURE

B

COMMISSION OF INQUIRY
INTO STATE CAPTURE

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Wednesday, January 13, 2016 2:22 PM
To: Reginald Sebolai
Subject: RE: Exemption conditions - FSP 43315

Dear Reginald,
Compliments of the new year.
I am sorry man. I just got back to work today.
I was meant to written my exams sometime in December but where moved to the 18th of this month.
Regards
Daniel

From: Reginald Sebolai [mailto:Reginald.Sebolai@FSB.co.za]
Sent: 13 January 2016 11:34 AM
To: daniel@bnpcapital.co.za
Subject: Exemption conditions - FSP 43315
Importance: High

Dear Mr Mahlangu

We refer to our emails dated 1 December 2015 and 18 December 2015 respectively to which we have not received a response. Due to lack of response on your part, we have no option but to refer the matter for regulatory action.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
www.fsb.co.za

mylife mymoney
www.mylifemymoney.co.za
Helping you make the most of your finances

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
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BEFORE PRINTING THIS E-MAIL

From: Reginald Sebolai
Sent: 18 December 2015 02:48 PM
To: daniel@bnpcapital.co.za
Subject: RE: Exemption: First level regulatory examinations - FSP 43315

Dear Mr Mahlangu

We refer to our email dated 1 December 2015 together with our telephone conversation on 9 December 2015. We are still awaiting a response regarding compliance with your exemption conditions. Kindly ensure that we receive a response within 5 days from date hereof.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
www.fsb.co.za

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From: Reginald Sebolai
Sent: 01 December 2015 10:26 AM
To: 'daniel@bnpcapital.co.za'
Subject: Exemption: First level regulatory examinations - FSP 43315
Importance: High

Dear Mr Mahlangu

We refer to your exemption from section 3(4) and 6(3)(b) of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 in relation to the first level regulatory examination. The exemption was granted subject to the following conditions:

1. That you successfully complete the first level regulatory examination by **30 November 2015**; and

2. That prior to rendering any financial service to a client, disclose prominently in writing that you have been exempted from the relevant first level regulatory examination requirement.

I P

You are hereby required to furnish our office (by close of business today) with proof that you have successfully completed the relevant first level regulatory examination. Take note that the exemption granted to you is subject to amendment or withdrawal if the conditions are not met.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
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Andrea Coetzer

From:	Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent:	Wednesday, January 13, 2016 2:22 PM
To:	Reginald Sebolai
Subject:	FW: Reminder of booking on 2016-01-18
Attachments:	Registration for Regulatory Examinations - Important Information.pdf; Examinations_Cancellation_Clause.pdf

From: Faisexam website [mailto:faisexam@moonstoneinfo.co.za]
Sent: 13 January 2016 12:13 AM
To: Faisexam Registrar
Subject: Reminder of booking on 2016-01-18

Dear Daniel Mahlangu

This serves as a reminder of your exam on 2016-01-18

Your Upcoming bookings:

- Exam: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV
- Exam Date: 2016-01-18
- Exam Start time: 13:30
- Booking Status: Confirmed
- Venue: JHB-Sandton Sinosteel Plaza
- Directions:

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

A MAP WITH A PICTURE OF THE VENUE IS AVAILABLE FROM OUR WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

- Exam: RE3 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA
- Exam Date: 2016-02-22
- Exam Start time: 13:30
- Booking Status: Confirmed
- Venue: JHB-Sandton Sinosteel Plaza
- Directions:

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

A MAP WITH A PICTURE OF THE VENUE IS AVAILABLE FROM OUR WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

You can contact us at faisexam@moonstoneinfo.co.za or 021 883 8000 should you require any further information.

FSB Examination Preparation Documents can be downloaded from
http://www.moonstone.co.za/services/regulatory-exam-body/re-library/#Preparation%20Guidelines%20and%20Qualifying%20Criteria

Thank you for your support

Moonstone Admin

Important Aspects on the day of the examination
It is important that you are at the venue 30 minutes before the commencement of the Regulatory Examination.
Identification:
Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document/ driver's license/ passport.
South African citizens must provide a valid identity number and citizens of other countries must provide a valid passport number or proof. Proof of identity must be shown before they will be admitted to examinations.
FSB RE Examination Preparation Documents can be downloaded from
http://www.moonstone.co.za/services/regulatory-exam-body/re-library/#Preparation%20Guidelines%20and%20Qualifying%20Criteria

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COMMISSION OF INQUIRY
INTO STATE CAPTURE

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Wednesday, March 23, 2016 2:24 PM
To: 'daniel@bnpcapital.co.za'
Subject: Intention to Suspend : 43315
Attachments: SKMBT_42316032314040

Dear Sir / Madam

The above mentioned matter refers.

Kindly peruse and attend to timeously and accordingly.

Thanks

Kind regards

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7165
OUR REF:	Case No: 602387 FSP No:43315	FAX:	(012) 422 2973
DATE:	18 March 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF INTENTION TO SUSPEND AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The licensee is hereby notified of the intention of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

2. The grounds of the intended suspension are as follows:
   - The key individual of the licensee does not meet or no longer meets the fit and proper requirements applicable to the key individual

3. The reasons that inform the grounds for the Registrar's intention to suspend the licensee's authorisation are set out below.

The key individual of the licensee does not meet or no longer meets the fit and proper requirements

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Retshelola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

- In terms of section 10 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (the Determination of Fit and Proper Requirements), read with Board Notice 105 of 2008 and subject to any exemptions granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual listed in the Table below has failed to successfully complete the relevant first level regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements

ID	Name
730115 5649 08 5	Mr Pholisani Daniel Mahlangu

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

4. Intended period of suspension

4.1 If the ultimate decision of the Registrar is to suspend the licensee's license –

(a) the licensee's authorisation will be suspended for three months.

(b) the suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with all the terms attached to the suspension.

4.2 The Registrar, at expiry of the period referred to in paragraph 4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

5. Terms to be attached to the intended suspension

The Registrar, if the ultimate decision is to suspend the authorisation of the licensee, intends to attach the following terms to the suspension of the licensee's licence:

5.1 General terms

- The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

- The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

- The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

5.2 Terms for the lifting of the suspension

- The licensee must-
  a) rectify all the contraventions and/or non-compliances referred to in this letter in order for the Registrar to consider the lifting of the suspension of its authorisation where the ultimate decision of the Registrar is to suspend licensee's licence and must submit proof of such compliance; and

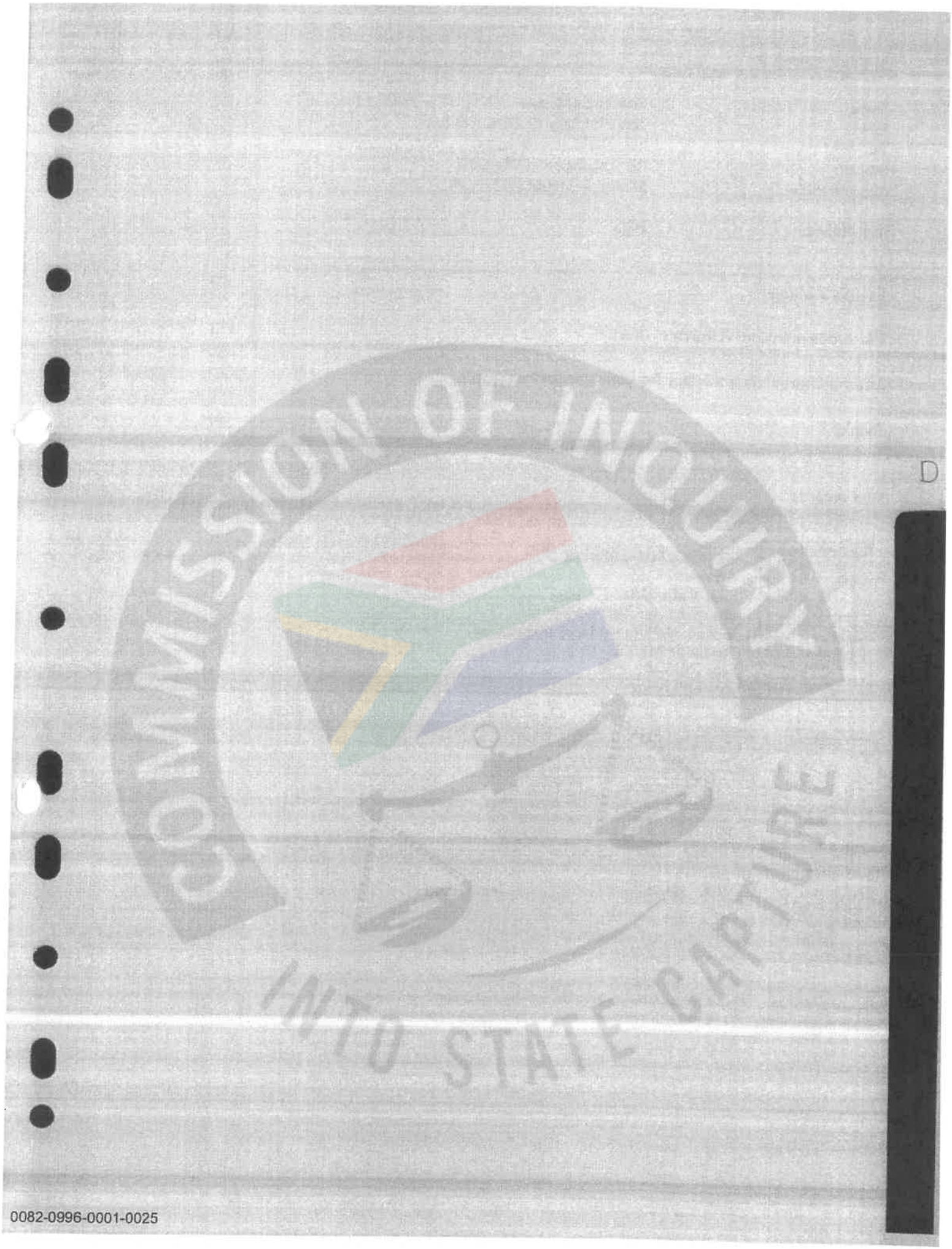
  b) submit proof that it had complied with the General Terms of the suspension.

6. The licensee is hereby afforded an opportunity to respond to this letter and to provide reasons to the Registrar as to why the suspension of its authorisation should not be affected and/or why the terms should not be attached to the suspension. Such reasons are to be furnished as soon as possible after receipt of this letter but not later than 31 March 2016. If no response is received within the prescribed period this Office will proceed with the suspension of the licence.

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE



D

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Thursday, May 12, 2016 1:44 PM
To: 'daniel@bnpcapital.co.za'
Subject: RE: Suspension - FSP 43315
Attachments: SKMBT_42316051213320.pdf

Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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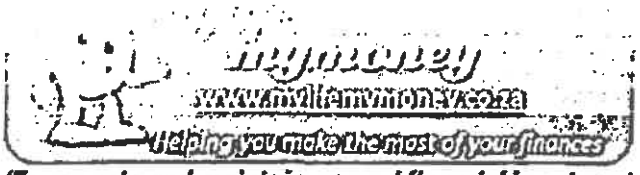

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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 23 June 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co..za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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0082-0996-0001-0042

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, July 11, 2016 10:10 PM
To: Rialivhuwa Mudau
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Attachments: Invoice.pdf; Registration Details and Venue Directions.pdf; Registration for Regulatory Examinations - Important Information.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Ms Mudau,
Please find attached proof of registration for your record.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 11 July 2016 05:13 PM
To: Daniel Mahlangu
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers as well as your subsequent response on 23 June 2016.

According to our records, you have not completed your RE Exams.

Kindly furnish the Registrar with reasons as to why we should not proceed with the withdrawal of your license.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
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Ms Rialivhuwa Mudau
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E-mail: Rialivhuwa.Mudau@fsb.co.za
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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 23 June 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co..za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

T.P

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, July 11, 2016 9:39 PM
To: Rialivhuwa Mudau
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Ms Mudau,
I trust you are well.
i was mean to have written the exams at the beginning of July, that is, last week. But could not do so given the relentless attack on our business by the media.
I was required to attend interviews with the media houses to clarify the allegations levelled against us. It was a quite a stressful situation and disturbing situation.
However, i have managed to secure a new date this month to write the exam for which the details are attached.

We would like to plead with yourselves to give us an opportunity to comply with the Fit and Proper requirements. The withdrawal of our licence will have dire consequences on our business and most importantly on our employees. We urge the FSB to give us until the end of July 2016 to meet the above requirements.

Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 11 July 2016 05:13 PM
To: Daniel Mahlangu
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers as well as your subsequent response on 23 June 2016.

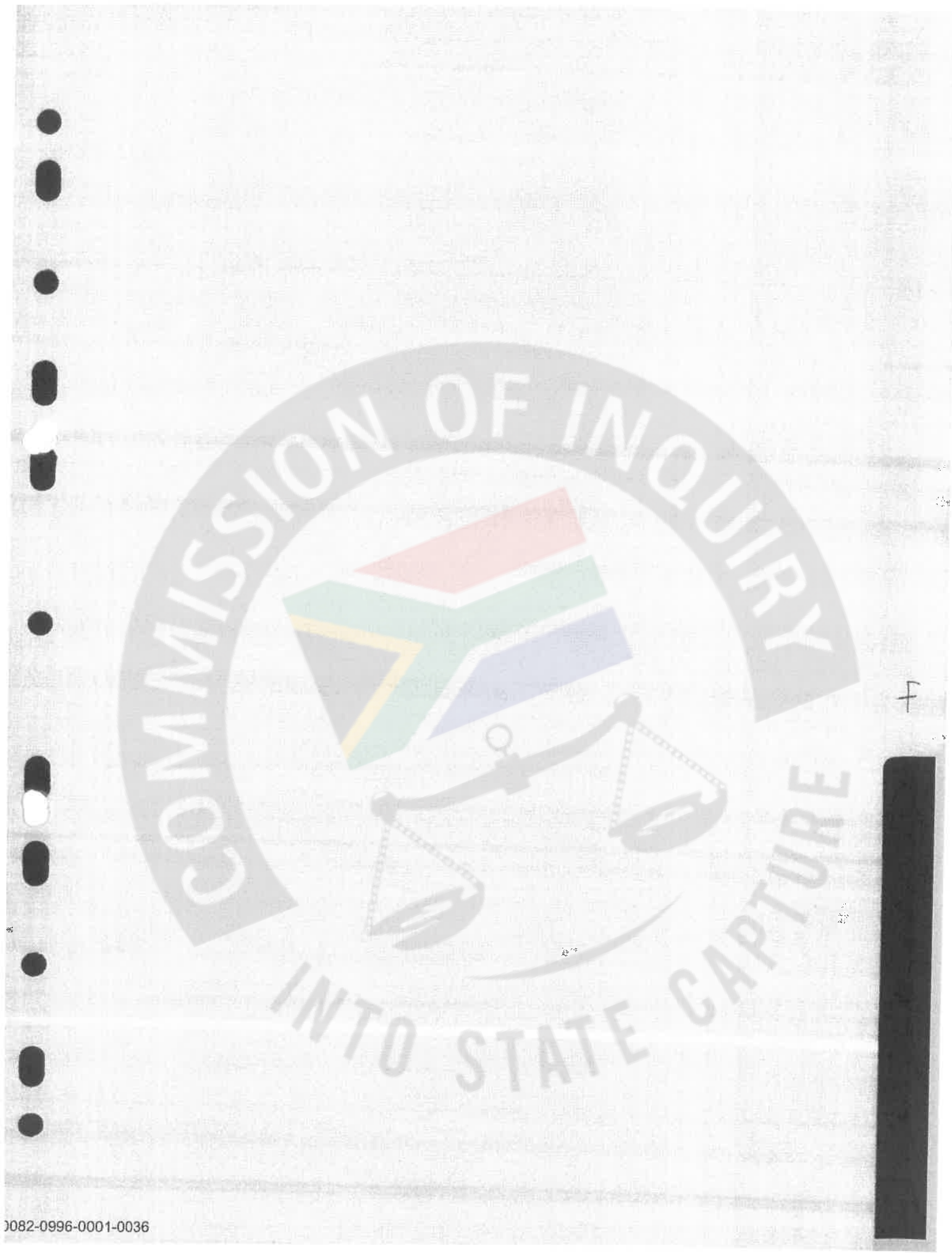
According to our records, you have not completed your RE Exams.

Kindly furnish the Registrar with reasons as to why we should not proceed with the withdrawal of your license.

Thanks

Kind regards

IP



F

COMMISSION OF INQUIRY
INTO STATE CAPTURE

BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board

Riverwalk Office Park

Block, 41 Matroosberg

Ashlea Gardens

Pretoria

Per electronic mail dated: 12.05.2016

Dear Sir/Madam,

RE: Notice to Suspension of authorisation: BNP Capital (FSP number: 43315("The Licensee")

1. The notice of intention to suspend the authorisation of the licensee dated 12 May 2016 for a period of three months from the date of issue.

2. The notice of intention to withdraw the licensee's authorisation and terms of the intended withdrawal.

3. The licensee hereby appeal to the Register not proceed with the withdrawal of the authorisation given the following below:

   -the licensee is to up to date with its levies;
   -the licensee is to up to date with its compliance reports;
   -the licensee will be writing the RI FAIS exams at the beginning of July 2016.

Yours Sincerely,

Director

Daniel Mahlangu

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Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7218
OUR REF:	Case No: 602387 FSP No: 43315	FAX:	(012) 422 2973
DATE:	26 April 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43
SUNNINGHILL
SANDTON
2157

Per electronic mail:daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF SUSPENSION OF AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The notice of intention to suspend the authorisation of the licensee dated **18 March 2016** refers.

2. For the record, in terms of the abovementioned intention letter you were afforded an opportunity to provide this office with your response before end of business day **31 March 2016**, but you failed to utilise this opportunity that was at your disposal.

3. The licensee is hereby notified of the decision of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

4. **GROUNDS OF SUSPENSION**

The grounds of the suspension are as follows:

IP

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi T Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements applicable to the licensee and/or key individual.

5. REASONS FOR SUSPENSION

The reasons that inform the grounds for the Registrar's decision to suspend the licensee's authorisation are set out below.

- The In terms of section 10 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (the Determination of Fit and Proper Requirements), read with Board Notice 105 of 2008 and subject to any exemptions granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual listed in the Table below has failed to successfully complete the relevant first level regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements.

ID	Name
730115 5649 08 5	Mr Pholisani Daniel Mahlangu

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

6. SUSPENSION OF LICENCE

The licensee's licence is hereby suspended with immediate effect based on the grounds and reasons detailed above.

6.1. Period of suspension

(a) The licensee's authorisation is suspended for a period of three months from the date of this notice.

IR

(b) The suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with the terms for the lifting of the suspension referred to in in subparagraph (b) of paragraph 6.2.

6.2. Terms attached to the suspension

The Registrar attaches the following terms to the suspension of the licensee's licence:

(a) **General terms**

i. The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

ii. The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

iii. The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

(b) **Terms for the lifting of the suspension**

The licensee must-

i. rectify all the contraventions and/or non-compliances referred to in this letter in order for the Registrar to consider the lifting of the suspension of its authorisation and must submit proof of such compliance;

ii. submit proof that it had complied with the General terms of the suspension; and

iii. in the case of non-compliance with section 17(4), 19(2) and/or 19(3) of the Act and/or section 15A of the FSB Act, submit the outstanding financial statement(s) and/or report(s) and/or proof of payment of the prescribed levy to the Registrar *via* one of the following methods only:

(aa) electronic mail to the FAIS Compliance Department at Rialivhuwa.Mudau@fsb.co.za; or

(bb) mail or hand delivery for attention FAIS Compliance Department: Regulatory Action.

7. **RIGHT OF APPEAL**

The Licensee may in terms of section 39 of the Act and section 26(2) of the Financial Services Board Act, 1990 (FSB Act), appeal against the decision of the Registrar. Such appeal must be lodged-

(a) with the secretary of the Board of Appeal; and

(b) **within 30 days** after the decision of the Registrar to withdraw the licensee's licence becomes known to the licensee.

The procedure for lodging an appeal is set out on the website of the FSB at www.fsb.co.za. Any query relating to an appeal can be directed to leg.appealboard@fsb.co.za.

8. **NOTICE OF INTENTION TO WITHDRAW THE LICENSEE'S AUTHORISATION AND TERMS OF INTENDED WITHDRAWAL**

8.1. This letter further serves as a notice of the Registrar's intention to withdraw the licensee's authorisation to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Act should the licensee fail to rectify all the contraventions and/or non-compliances referred to in this letter by **22 July 2016**.

8.2. The grounds for the Registrar's intended decision to withdraw the licensee's licence are listed in paragraph 4 above and the reasons that inform those grounds are detailed in paragraph 5 above.

8.3. The Registrar intends to attach the following terms to the withdrawal of the licensee's licence:

(a) The licensee must inform all affected clients and product suppliers concerned that its licence has been withdrawn.

(b) The licensee is prohibited from concluding any new business as envisaged by the Act.

(c) The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

IP

8.4. The licensee is hereby afforded an opportunity to provide reasons to the Registrar as to why the withdrawal of its authorisation as contemplated in paragraph 8.1 read with paragraph 8.2 should not be effected and/or why the terms should not be attached to the withdrawal. Such reasons are to be furnished by not later than 08 July 2016. If no response is received within the prescribed period this Office will proceed with the withdrawal of the licence.

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

I.P

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Thursday, June 23, 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315
Attachments: Letter - FSB.pdf

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

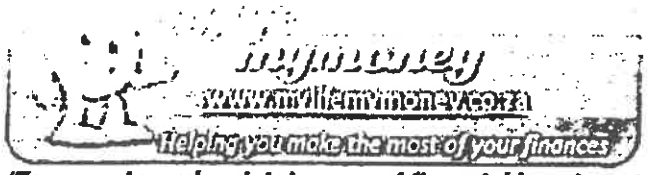
Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

mylife mymoney
www.mylifemymoney.co.za
Helping you make the most of your finances.

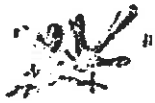
'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

BEFORE PRINTING THIS E-MAIL

IP



'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa



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Tax invoice

Moonstone Information Refinery (Pty) Ltd	Tax invoice	
Reg. No.: 2000/001874/07 VAT Reg. No.: 4440187252	Date:	2016-07-11
25 Quantum Street, Techno Park, Stellenbosch, 7600 PO Box 12662, Die Boord, Stellenbosch, 7613 Tel no: (021) 883 8000 Fax no: 086 764 5342 website: www.moonstoneinfo.com	Page:	1 of 1
	Invoice No:	EB132747

Customer Details:

: Daniel
Vat no:
Person Attending: Daniel Mahlangu
Fsp Name: BNP CAPITAL (PTY) LTD
Address:
Summit Square 15 School Road Morningside Sandton

Code	Description	Quantity	Net Price
1	JHB-Sandton Sinosteel Plaza First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV (2016-07-26) 09:00	1	R 1113.00

Bank account details Moonstone Information Refinery (Pty) Ltd First National Bank ype : Current Acc: 6227-696-2349 Branch Name: Stellenbosch Branch Code: 20-06-10 Swift Code: FIRNZAJJ	**Sub Total**	**R 976.31**
	VAT @ 14%	R 136.69
	Total	**R 1113.00**
Thank you for your support.		

PLEASE FAX INVOICE AND PROOF OF PAYMENT TO 086 764 5342 OR E-MAIL TO faisexam@moonstoneinfo.co.za PLEASE USE YOUR INVOICE NUMBER AS REFERENCE WHEN MAKING PAYMENT.

TP

Dear Daniel Mahlangu (Moonstone)

Below is the information regarding your exams and directions to the venue locations

Exam: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV
Date: 2016-07-26
Time: 09:00
Venue: JHB-Sandton Sinosteel Plaza

Directions to: JHB-Sandton Sinosteel Plaza

Location

City: Johannesburg
Suburb: Sandton
Street: Sinosteel Plaza Office 10B-2, Level 10, 159 Rivonia Road, Sandton, Johannesburg 2146
Province: Gauteng

Directions

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

A MAP WITH A PICTURE OF THE VENUE IS AVAILABLE FROM OUR WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

MOONSTONE

REGULATORY EXAMINATION REGISTRATION

IMPORTANT INFORMATION

It is the responsibility of the candidate to ensure that he/she is registered for the correct regulatory examination, date, time and venue. Candidates need to ensure that their surname and full names are recorded correctly.

It is the candidate's responsibility to manage his/her diary and to ensure that they know the correct date, time and location/directions of all their examinations.
If a candidate does not receive confirmation within 24 hours of scheduling the exam, he/she should contact the Examination Body immediately.

Changes to Registrations

- If the candidate wants to make changes to the examination, date, time or venue, he or she must contact the relevant Examination Body and make the necessary arrangements to reschedule.
- Rescheduling must be done at least ten working days prior to the examination date. The rescheduled date will be impacted by the availability of an examination at the venue and session required.

Cancellation Clause – STRICTLY APPLIES! Refer to FSB FAIS Circular 5/2011 dated 9 May 2011.
There is only **one exception** to the above conditions:

- A candidate, who, as a result of illness or any other unforeseen circumstances, is prevented from writing a regulatory examination on the date arranged, is required to contact the examination body within 10 working days, furnishing reasons for the absenteeism. In the event of illness, a valid and acceptable medical certificate must be submitted to the Examination Body administration concerned.
- A written application must be made, supported by medical or other evidence (which must confirm that the candidate was unable to attend the RE on the relevant date due to illness/ accident). In these circumstances a candidate will be allowed to reschedule at no cost. Applications will not be considered without evidence and the candidate will forfeit the fee.

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Registration Time frames:

We apply the following time frames for individual registrations to ensure the smooth flow of registrations and to ensure that we deliver successfully:

- 11 working days prior to examination date, cut-off at our 4 permanent centres
- 13 working days prior to examination date, cut-off at our satellite venues.

Moonstone Examination Body reserves the right to postpone an exam due to a minimum number of 10 delegates required.

Paper based examination, multiple choice question papers must be completed using a HB pencil.

Our website, www.moonstone.co.za contains a wealth of RE information. We strongly urge you spend some time there to acquaint yourself with what to expect when you write.

Examination Fees

Examinations conducted in South Africa are subject to the South African fees.

Examinations conducted outside South Africa are subject to differentiated fees as a result of Rand exchange rates.

A review of the examination fees will be conducted from time to time.

Payment:

Payment must be made within 24 hours after registration to confirm your booking

- use your **Invoice number** as reference when making payment
- **fax proof of payment to 086 764 5342**

Once payment has been received (on condition that it is not a late payment and the correct reference number, namely Invoice number was used) booking confirmation containing the examination, venue, date, session, format of the examination and a Paid Tax Invoice will be sent to your e-mail address to notify you of the confirmation of your registration.

Special Needs

- Provisions are made for candidates with disabilities. This may include dyslexia, blindness, partially sightedness or those with dexterity impediments.
- If a candidate is disabled or has a condition which he/she believes should be taken into consideration in assessing his/her exam performance, he/she should notify the exam body in writing, enclosing medical evidence such as a doctor's letter. Applications without medical

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MOONSTONE

evidence will not be considered. Candidates must make any special needs known to the Examination Body upon registration.

- The application should accompany the candidate's exam entry so that timeous provision can be made for the candidate. The Examination Bodies will hold the candidate's medical evidence on file, but the candidate must submit a written reminder before each subsequent exam for which the candidate registers.

Attendance

- Candidates are required to be at the venue 30 minutes before the commencement of the Examination session.
- No candidate may enter the examination venue later than 30 minutes after commencement of an examination session and no candidate may leave the examination venue less than 30 minutes after commencement of an examination session.
- Only candidates registered for the examination in question will be permitted to sit for the examination. No person may write an examination on behalf of another candidate.

Identification

South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document/ driver's license/ passport.

Photographic proof of identity must be presented before candidates will be admitted to examinations.

Proof of identity must be shown before candidates will be admitted to commence with the examinations.

Note: No certified copies will be accepted.

Results

The results will be made available via e-mail within 20 working days of completion the examination

Note: Once the examination has been written and the results made available, candidates will not be permitted to view the examination paper / answers, as per the FSB FAIS Circular 7/2011, dated 12 July 2011.

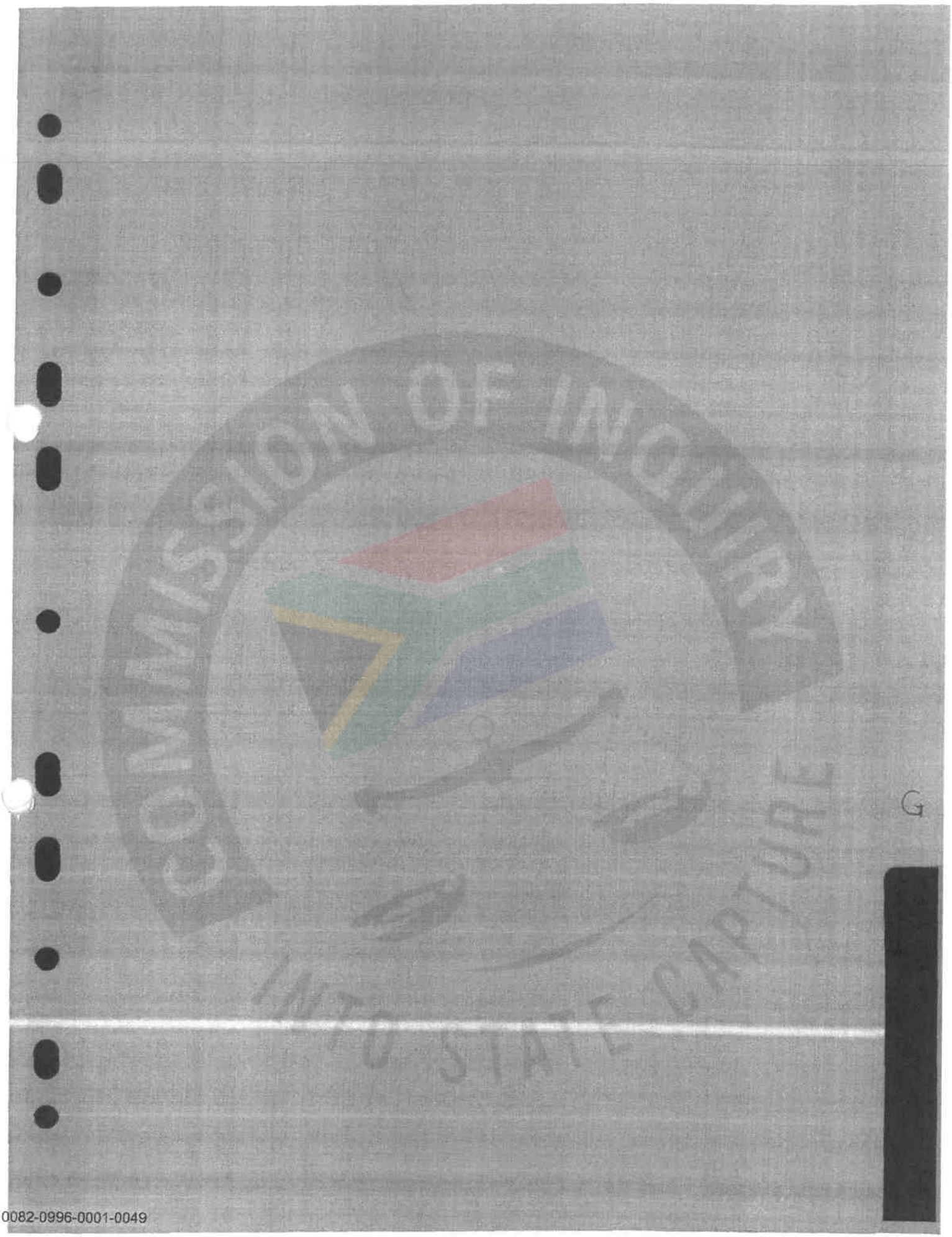
Results are first uploaded to the FSB and on confirmation of receipt of such results by the Financial Services Board (FSB) the Examination Body will release the result to the relevant candidate.

Enquiries

Tel: 021 - 888 9796 / 021 - 883 8000.

E-mail: falsexam@moonstoneinfo.co.za

IR



G

Andrea Coetzer

From:	Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent:	Tuesday, July 19, 2016 10:03 AM
To:	FAIS Exemptions
Subject:	FAIS Exemption FSP 43315
Attachments:	Tracy Sischy Attorneys; FSP 43315.pdf; Payment Notification.pdf; Certified Copy of ID Daniel Mahlangu.pdf

Dear Sir/Madam.

Please find attached application for FAIS exemption for your attention.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

BnP CAPITAL
& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act. No 37 of 2002 (FAIS). FSP Number 43315.

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BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Service Board
Riverwalk Office Park
Block B, 41 Matroosberg Road
Ashlea Gardens, Extension 6
Pretoria
0081

Dear Sir/ Madam,

Application for FAIS Exemption

BnP Capital Proprietary Limited ("BnP") with the FSB licence number 43315 seeks an extension for its Key Individual (Mr Pholisani Daniel Mahlangu I.D no. 7301155649085) to comply with the section 8A of the FAIS Act on the grounds mentioned below.

1. BnP FSP licence is currently being suspended as a result of its KI failing to meet the Fit and Proper requirements as per the FAIS Act.

2. BnP's Key Individual has written the REs exams before but has not been successful due to personal reasons. BnP's KI has been in and out of court for the past two years with his ex-partner fighting for the custody of their children. The matter got settled this year as indicated by the attached correspondence.

3. The KI has reregistered to write the exams as indicated in the attached.

4. BnP understands that its Key Individual needs to comply with section 8A of the FAIS Act and has put the process in place towards complying with the latter. The extension been seek would give it a life line to survive as a company given the threats it currently faces as a result of its licence being suspended.

5. The suspension has threatened the work BnP is currently doing for one of the State Owned Enterprises. The fact that its licence has been suspended has created a lot media attention and has put the current work is doing at risk which may have a dire consequence given the capital requirements of the latter.

6. The suspension has gravely threatened its business and has potential of closing down the company given the perceived implication by its current and potential clients.

Director: D Mahlangu

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7. **The extension will assist BnP to survive as a company and mostly importantly to comply with its licence conditions.**

Yours Sincerely

BnP Capital
Director

COMMISSION OF INQUIRY INTO STATE CAPTURE

IP

NOTIFICATION OF PAYMENT

To Whom it May Concern:

First National Bank hereby confirms that the following payment instruction has been received

Date Actioned	**: 2016/07/19**
Time Actioned	**: 04:37:09**
Trace ID	**: YW7LHY3C**
Payer Details	
Payment from	**: *BNP CAPITAL (PTY) LTD**
Cur/Amount	**: ZAR1590.00**
Payee Details	
Recipient/Account no.	**: 5000787**
Name	**: FSB MAIN ACCOUNT**
Bank	**: FNB**
Branch Code	**:**
Reference	**: FSP43315**

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at www.fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

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FirstRand Bank Directors: LL Dippenaar (Chairman), JP Burger (CEO), VW Bartlett, AP Pullinger (Deputy CEO), MS Bomela, P Cooper (Alternate), JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, HS Kellan, RM Loubser, EG Matenge-Sebesho, PJ Makosholo, AT Nzimande, D Premnarayen (India), BJ van der Ross, JH van Greuning, Company Secretary: C Low

First National Bank, a division of FirstRand Bank Limited. Reg.No.1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

I.P

Andrea Coetzer

From:	Tracy Sischy Attorneys <tsischy@absamail.co.za>
Sent:	Tuesday, May 17, 2016 3:11 PM
To:	'Daniel Mahlangu'
Subject:	Tracy Sischy Attorneys
Attachments:	Parental Responsibilities and Rights Agreement - Mahlangu.pdf

Dear Sir

Receive herewith parental responsibilities and rights agreement.

The original is ready for collection.

Yours faithfully
Tracy Sischy Attorneys
44 Olympic Road
Cnr Republic Road
Blairgowrie
Randburg
Tel: 011 886 0242
Fax: 011 886 1391
Cell: 082 332 8072
E-mail: tsischy@absamail.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

I R

ANNEXURE TO PARENTAL RIGHTS AND RESPONSIBILITIES AGREEMENT

REF NO/ VERW NO: 12/16

In the matter between:
In die saak tussen:

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT. OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3784 FAX: 011 337 8189

NGUMUYA AN — PLAINTIFF/APPLICANT
EISER/APPLIKANT

and/en

MAHLANGU PD — DEFENDANT/RESPONDENT
VERWEERDER/RESPONDENT

In the abovementioned case/application, the Parental Responsibilities and Rights Agreement has been considered and I am of the opinion:

In bogemelde saak/ aansoek is die Ouerlike Regte en Verpligtinge Ooreenkoms oorweeg en is ek van oordeel

✓	That it is in the best interest of the minor/dependant children Dat dit in die beste belang van die minderjarige/afhanklike kinders is
	That it is not in the best interest of the minor/dependant children Dat dit nie in die beste belang van die minderjarige afhanklike kinders is nie

COMMENTS/OPMERKINGS:

FAMILY ADVOCATE/GESINSADVOKAAT

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

APPLICATION FOR REGISTRATION OF PARENTING PLAN OR FOR PARENTING SCHEDULE MADE AN ORDER OF COURT
(Regulation 9)

[SECTION 34(2) OF THE CHILDREN'S ACT 38 OF 2005]

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT. OFFICE OF THE FAMILY ADVOCATE
2016 -03- 14
PRIVATE BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8199

Part A : Particulars of mother and father of the child who are holders of parental responsibilities and rights.

Mother (Holder 1)

Surname	Ngumuya
Full Names	Alefa-Aretha Nqobizitha
ID No/Date of Birth/Passport no.	8401090714082
Residential Address	40 Middle Street, East Town, Northcliff
Home telephone no.	n/a
Cell phone no.	072 602 8838
Email address	alefa.ngumuya@yahoo.com
Work Address	N/A
Work telephone no.	N/A
Relationship to child/children	Biological Mother

Father (Holder 2)

Surname	Mahlangu
Full Names	Pholisani Daniel
ID No/Date of Birth/Passport no.	7301155649085
Residential Address	Villa Riviera, 10 Coleraine Road,Bryanston
Home telephone no.	n/a
Cell phone no.	076 235 8504
Email address	daniel@bnpcapital.co.za
Work Address	BNP Capital, Tuscany Office Park, Coombe Place, Rivonia
Work telephone no.	011 234 0710
Relationship to child/children	Biological father

Part B : Details of children in respect of whom parenting plan applies

First Child

Surname	Mahlangu
Full names	Buhle
ID No/Date of birth/Passport no.	17/07/2005
Residential address	Villa Riviera, 10 Coleraine Road,Bryanston
Contact no.	Not applicable.

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT. OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
PRIVATE BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8199

IR PM

Surname	Ngumuya
Full names	Ndabenhle
ID No/Date of birth/Passport no.	15/12/2009
Residential address	Villa Riviera, 10 Coleraine Road,Bryanston
Contact no.	Not applicable.

Part C : Details of application for registration of parenting plan or for parenting plan to be made order of court

TO : The Family Advocate, Johannesburg
Place : 13th Floor Schreiner Chambers, 94 Pritchard Street, Johannesburg
Date : 24th February 2015

We, Alefa-Aretha Nqobizitha Ngumuya and Pholisani Daniel Mahlangu hereby apply for registration of the attached parenting plan marked Annexure B at the Office of the Family Advocate and will apply to have this agreement is to be made an order of the High Court of South Africa, Gauteng Local Division, Johannesburg, if applicable.

Signed : Alefa-Aretha Nqobizitha Ngumuya
(Mother)

24 February 2016
Date

Signed : Pholisani Daniel Mahlangu
(Father)

09 March 2016
Date

Particulars of Family Advocate (where applicable)

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT. OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8189

Name of Family Advocate
THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT. OFFICE OF THE FAMILY ADVOCATE
Signature of Family Advocate
Place 2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8189

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG LOCAL DIVISION, JHB Case Number:

In the matter between:

PHOLISANI DANIEL MAHLANGU **1ST APPLICANT**

-AND-

ALEFA-ARETHA NQOBIZITHA NGUMUYA **2ND APPLICANT**

PARENTING PLAN BY CO-HOLDERS OF PARENTAL RIGHTS AND RESPONSIBILTIES IN TERMS OF SECTION 33(1) OF THE CHILDRENS ACT NO 38 OF 2005

---

1. **INTRODUCTION**

1.1 Whereas the 1st Applicant and the 2nd Applicant were involved in a long term relationship and from same two minor children were born namely namely Buhle Mahlangu on the 17th July 2005 and Ndabenhle Ngumuya on the 15th December 2009.

1.2 And whereas the parties are co-holders of parental rights and responsibilities in respect of these minor children and wish to enter into a parenting plan that states their rights and responsibilities in respect of the minor children.

1.3 And therefore for purposes of legality as required by the Children's Act 38 of 2005 the parties therefore wish to record this agreement in writing and which agreement will be registered with the Family Advocate offices and will further be made an order of court.

THEREFORE the parties do hereby agree as follows:

2. DEFINITIONS

2.1 "Daniel or the 1st Applicant" shall mean Pholisani Daniel Mahlangu, identity number 7301155649085;

2.2 "Buhle" shall mean namely Buhle Mahlangu.

2.3 "Ndabenhle" shall mean namely Ndabenhle Ngumuya.

2.3 "Alefa or the 2nd Applicant" shall mean Alefa-Aretha Nqobizitha Ngumuya, Identity Number 8204120394085

2.4 "the Parties" – shall mean Daniel and Alefa, individually or collectively, as the context may require.

2.5 "The minor children"- shall mean Buhle and Ndabenhle, individually or collectively, as the context may require.

3. <u>PARENTAL RIGHTS AND RESPONSIBILITIES</u>

3.1 The 1st Applicant and 2nd Applicant shall remain co-holders of parental rights and responsibilities as provided for in section 18(2)(a) to (d) and 18(3)(c) of the Children's Act 38 of 2005 being that of care, contact,

guardianship and maintenance over the minor children born of their relationship namely:

Name	Date of Birth	Sex
Buhle Mahlangu	17th July 2005	Female
Ndabenhle Ngumuya	15th December 2009.	Male

3.2 Notwithstanding the aforegoing, it is recorded that the minor children's primary residence will be with Daniel.

3.3 In so far as same is possible, Daniel and Alefa agree to make joint decisions as regards education, religion, extra mural activities and medical treatment which would require both parties reasonable consent in respect of the minor children.

3.4 In the event of the parties being unable to agree on any matters relating to joint decisions insofar as the minor children is concerned or any disputes originating from this agreement they agree that they shall be obliged to first attempt to resolve such disputes via mediation for which mediation the parties will consult with a qualified psychologist with at least 3 years standing.

3.4.1 In the event that the parties cannot agree on which psychologist to

appoint the parties will approach the Psychological Society of South Africa for an appointment whose decision shall be final and binding on the parties.

3.5 Neither party will remove the minor child from the province of Gauteng or the Republic of South Africa without the consent of the other party.

3.6 The parties confirm that they undertake to notify the other party if they change their address at least 30 days before such change.

4. **RIGHT'S OF CONTACT**

4.1 Alefa shall have full reasonable rights of contact to the minor children which includes but is not limited to;

4.1.1 Reasonable telephonic contact to the minor children. To ensure such contact Alefa will purchase a cellphone to be used by the children for the purposes thereof.

4.1.2 To have the minor children on every alternate weekend from after school on Friday until Monday when she will drop off the children at school.

4.1.3 That the parties will alternate having the minor children on the children's birthdays each year with the proviso that the party that does

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not have the minor children on their birthday that year will have reasonable telephonic contact to the minor children during that day.

4.1.4 To have the minor children on Mothersday and on her birthday and similarly Daniel will have the minor children on Fathersday and his birthday. The party that does not have the minor children on their birthday/Fathersday or Mothersday will have reasonable telephonic contact to the minor children during that day.

4.1.5 To have the minor children for half of the long holidays with the following provisos;.

4.1.5.1 That the June/July holidays will be split equally between the parties.

4.1.5.2 That the December/January long holidays be split equally between the parties so that each year the parties will have the minor children either from the 3rd December to 24th December or from the +-24th December to 13th January. The parties will alternate each year in having the children during these periods.

4.2 Alefa's contact to the minor children as aforesaid shall be subject to the minor child's educational, religious, social and sporting activities.

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4.3 The parties confirm that the issues of care, contact, guardianship and maintenance have been discussed with the minor children taking into consideration 6(5) of the Children's Act no 38 of 2005.

4.4 Should for whatsoever reason the minor children reside primarily with Alefa then Daniel will have full reasonable contact to the children which includes but is not limited to;

(i) Reasonable telephonic contact to the minor children.

(II) To have the minor children on every alternate weekend from after school on Friday until Monday when he will drop the minor children off at school.

(iii) That the parties will alternate having the minor children on the children's birthdays each year with the proviso that the party that does not have the minor children on their birthday that year will have reasonable telephonic contact to the minor children during that day.

(iv) To have the minor children on Fathersday and on his birthday and similarly the 2nd Applicant will have the minor children on Mothersday and her birthday. The party that does not have the minor children on their birthday/Fathersday or Mothersday will

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have reasonable telephonic contact to the minor children during that day.

(v) To have the minor children for half of the long holidays with the following provisos;.That the June/July holidays will be split equally between the parties and that the December/January long holidays be split equally between the parties so that each year the parties will have the minor children either from the 3rd December to 24th December or from the +-24th December to 13th January. The parties will alternate each year in having the children during these periods.

5. MAINTENANCE FOR THE MINOR CHILDREN

5.1 The parties wish to record that on the 28th January 2015 the Randburg Maintenance Court made an order that Daniel must pay the following maintenance in respect of the minor children;

- The school fees for Reddam for 2015 and thereafter in 2016 the 1st Applicant will pay for model C school fees.
- To purchase clothes for the minor children every 2nd quarter.
- To pay for Kumon for the minor children.
- To pay for their medical aid.

5.2 As the minor children now reside primarily with Daniel, Alefa agrees that she will make payment to Daniel for the minor children in the sum

of R3000,00 per month with the first payment due by or before the 31th January 2016 and by or before the end of every month thereafter and also pay for the following:

- To purchase clothes for the minor children every 2nd quarter.
- To purchase school uniforms for the minor children
- To purchase text books and book exercise

6. MUTUAL RESPECT OF PARTIES AND PARENTAL COMMUNICATION

6.1 The parties undertake at all times to act in a manner which demonstrates mutual respect for the other party in their dealings and interactions in respect of the minor children. As such the parties agree;

6.1.1 That all communication between the parties shall be conducted in a civil and businesslike manner with courtesy shown in all and any communication.

6.1.2 That the preferred method of communication between the parties will be by via the telephone. As such they shall be entitled to telephone the other in the event that any more involved aspect of the children's lives should be discussed.

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6.1.9 That all communication in regards to the child shall be between them directly and that they will not use the child as a messenger to convey information between them.

7. FULL AND FINAL SETTLEMENT

This agreement constitutes the whole agreement and save for any agreement that the parties may enter into in writing and sign, this agreement supersedes all prior agreements and/or arrangements entered into between the parties, save for the terms and conditions contained in this agreement, neither party shall have any claim against the other arising contractually, by statute or otherwise and for any reason whatsoever and this agreement is in full and final settlement of all the claims against and obligations owed by the parties to each other.

8. NON-WAIVER

No latitude, extension of time or other indulgence given or allowed by either party in respect of any payments provided for in terms of this settlement or the performance of any other obligations in terms hereof, shall under any circumstances operate as a waiver or novation of, or otherwise affect any of either party's rights in terms hereof or arising herefrom or preclude either party from enforcing at any time and without notice, strict and punctual compliance with each and every

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provision or term hereof nor shall any such latitude, extension of time or other indulgence, discharge or otherwise affect the liability of either party in terms hereof.

9. LODGEMENT OF AGREEMENT AND ORDER OF COURT

9.1 The parties agree that this agreement will be lodged and or registered with the Family Advocate offices,

9.2 The parties further agree that this agreement will be made an order of the High Court.

DATED at Randburg **on this** 9th **day of** March **2016**

AS WITNESSES:

1. _____

2. _____

_____

DANIEL

DATED at Randburg **on this** 26th **day of** February **2016**

AS WITNESSES:

1. _____

2. _____

_____

ALEFA

I P

COMMISSION OF INQUIRY INTO STATE CAPTURE

(10)

TRACY SISCHY
ATTORNEYS
PROKUREURS

Family Advocate JHB

By hand

44 Olympic Road
Blairgowrie
Randburg
2194
Docex 121, Randburg
Tel: (011) 886 0242
Fax: (011) 886 1391
Cell: (082) 332 8072

Our Ref: Mahlangu
Your Ref:

Date: 15/03/16

Dear Sirs

Registration of parenting plan:

Pholisani Mahlangu and Alefa-Aretha Ngumuya

1. Receive herewith original form 8 and parenting plan.

2. Kindly attend to complete form 8

3. Registration number of Parenting plan as provided by Family Advocate

12/16

Yours faithfully,
Marc Sischy

1P

COMMISSION OF INQUIRY INTO STATE CAPTURE

I.D.No. 730115 5649 08

SURNAME
MAHLANGU

FORENAMES
PHOLISANI DANIEL

DISTRICT OR COUNTRY OF BIRTH
SOUTH AFRICA

DATE OF BIRTH
1973-01-15

DATE ISSUED
2004-02-06

23/6/2016

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

FINANCIAL SERVICES BOARD

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Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
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Toll free 0800 110443/0800 202087 website:www.fsb.co.za

Enquiries:	(MR) THABEGO MANGANYE	D. Dialling No.:	(012) 428 8000 or 428 8151
Our ref:	639854	Fax:	(012) 422 2973
Date:	22/07/2016	E-Mail:	FAIS.Exemptions@fsb.co.za

Per E-mail: daniel@bnpcapital.co.za

Dear Sir/Madam

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 ("THE FAIS ACT")
FSP : 43315 BNP CAPITAL (PTY) LTD
ID : 7301155649085 PHOLISANI MAHLANGU

We hereby acknowledge receipt of your application for exemption.

Your case number for the exemption application is 639854.

Kindly note that we will revert to you as soon as practicable, depending on the volume of exemption applications received.

Yours sincerely

Thabego.Manganye

pp REGISTRAR OF FINANCIAL SERVICES PROVIDERS

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From: Marianne Van Rooyen
Sent: 11 August 2016 05:52 PM
To: 'daniel@bnpcapital.co.za'
Subject: RE: URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Attachments: SKM_C754e16081117560.pdf

Importance: High

Dear Sir

Please find attached correspondence pertaining to the above application, for your attention.

Regards,

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Marianne Van Rooyen
Sent: 29 July 2016 03:24 PM
To: 'daniel@bnpcapital.co.za'
Subject: URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Importance: High

Dear Sir

Please find attached correspondence pertaining to the above matter for your urgent attention and response.

Regards,

1

Marianne Van Rooyen

From:	Marianne Van Rooyen
Sent:	11 August 2016 05:53 PM
To:	Noma-Afrika Sandlana; Nolwazi Mshunqane; Charene Nortier; Thiropathy Moodliyar; James Molefe; Khosi Segole-Sibisi | FSB; Tshepo Mogale; Nomsa Banda | FSB; Michele Fourie; Rialivhuwa Mudau; Reginald Sebolai
Cc:	Brenda Neale; Loraine van Deventer
Subject:	EXEMPTION DECLINED - FSP NUMBER 43315; CASE NUMBER : 639854
Attachments:	SKM_C754e16081117560.pdf
Importance:	High

Dear All

For your information and action.

Regards

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
www.fsb.co.za

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0082-0996-0001-0072

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Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	M van Rooyen	D. DIALLING NO.:	012 428 8001
OUR REF:	Exemption (FSP43315) Case No 639854	FAX:	012 422 2973
DATE:	11 August 2016	E-MAIL:	marianne.vanrooyen@fsb.co.za

Mr DP Mahlangu

Per electronic mail: Daniel@bnpcapital.co.za

Dear Mr Mahlangu

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

1. The application for exemption received on 19 July 2016 refers, as well as the letter from the Registrar of Financial Services Providers ("the Registrar") dated 29 July 2016, to which no response was received.

Consideration of exemption

2. One of the objectives of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), is to professionalise the financial services industry and to protect consumers. To achieve that objective, it was necessary to require of financial services providers and representatives to have certain experience and academic qualifications.

3. However, it became apparent that despite the above requirements, the required level of knowledge, awareness and understanding of the requirements of and the responsibilities imposed by the Act on providers was lacking. This led to providers failing to comply with the provisions of the Act when rendering financial services to clients.

4. As a result of the above, the first level regulatory examination was implemented, after extensive consultation with industry, to ensure that providers have a proper understanding of their specific regulatory roles and the requirements of the Act.

5. The examination has been put in place to ensure that providers are competent when rendering financial services to clients in order to ultimately create a safer environment for the consumer of financial services.

6. In considering an exemption application the Registrar must consider the interests of the public. The potential harm to consumers of financial services is self-evident if they conduct financial services business with a person who does not know and/or understand the obligations and responsibilities imposed on such person by the Act.

Conclusion

7. The regulatory framework of the Act provides for certain fundamental requirements of which the competence requirement is one. These requirements underlie and permeate every aspect of the regulatory structure to ensure the achievement of the objects of the Act.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime
Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

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8. National Treasury has expressed South Africa s commitment to a global financial regulatory reform agenda aimed at strengthening financial stability. These commitments, *inter alia*, entail a stronger regulatory framework and effective supervision. It further indicated that, in general, no provider of financial services should be allowed to operate outside the regulatory framework.

9. Persons that have been approved by this Office are required to comply with the law applicable to them, as well as to certain prescribed rules or conditions. These legal requirements have been pronounced in the public interest and their objective is to ensure that regulated entities conduct their business properly in order to protect clients.

10. In order to grant an exemption the Registrar must be satisfied that the requirements in section 44(4) read with section 44(1) (a) to (c) of the Act are met.

11. The Registrar has given due consideration to your application for exemption and is not satisfied that reasonable grounds exist to warrant an exemption from the examination requirements. In light of the above, and the reasons as set out in the Registrar's letter dated 29 July 2016, the application for exemption is declined.

12. Kindly take note that the financial products, sub-category Long-term Insurance Category A and Friendly Society Benefits, do not require that you complete the regulatory examination. Please note that further exemptions may be applicable to you in terms of Board Notice 102 of 2012, as published in the Government Gazette on 6 June 2012, No. 35422. For further assistance you can contact Mpho.mabuza@fsb.co.za and/or Mahlatse.kekana@fsb.co.

Yours sincerely

CD Da Silva
Deputy Registrar: Financial Services Providers

COMMISSION OF INQUIRY INTO STATE CAPTURE

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OFFICE NOTE

CASE NUMBER:	639854
FSP NUMBER:	43315
APPLICANT NAME:	PD MAHLANGU
DATE:	1 AUGUST 2016
AUTHOR OF NOTE:	M VAN ROOYEN
NOTE:	TT MR MAHLANGU Attempted the office number, but the call would not go through. Then used the cell number of the applicant - 0762358504 1st call - No answer – left message: I sent him an email Friday afternoon. Wanted to follow up if he received it. Please call me if email not received. 2nd call to applicant @ 076 235 8504 Call answered and then dropped Tried to call back (3rd attempt) – gave busy tone 4th call to applicant @ 076 235 8504 Call made at 16:45. Call was answered by the applicant himself. I explained who I was and that I sent an email with an attached letter on 29 July 2016. The applicant confirmed that he had received my email.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From:	Marianne Van Rooyen
Sent:	29 July 2016 03:24 PM
To:	'daniel@bnpcapital.co.za'
Subject:	URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Attachments:	SKM_C754e16072915280.pdf
Importance:	High

Dear Sir

Please find attached correspondence pertaining to the above matter for your urgent attention and response.

Regards,

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
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IP

Marianne Van Rooyen

From:	Marianne Van Rooyen
Sent:	29 July 2016 03:24 PM
To:	'daniel@bnpcapital.co.za'
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Attachments:	SKM_C754e16072915280.pdf
Importance:	High

Dear Sir

Please find attached correspondence pertaining to the above matter for your urgent attention and response.

Regards,

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
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Fax: (012) 422 2973
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Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	M van Rooyen	D. DIALLING NO.:	012 428 8001
OUR REF:	Exemption (FSP43315) Case No 639854	FAX:	012 422 2973
DATE:	29 July 2016	E-MAIL:	marianne.vanrooyen@fsb.co.za

Mr DP Mahlangu

Per electronic mail: Daniel@bnpcapital.co.za

Dear Mr Mahlangu

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

1. The application for exemption received on 19 July 2016 refers.

Background

2. Mr DP Mahlangu ("the applicant") has requested exemption from having to comply with the first level regulatory examination ("examination") requirements as prescribed in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 ("Fit and Proper Requirements"), specifically the following examinations-

   2.1 RE1 examination, being the examination applicable to key individuals as contemplated in section 1 in Annexure 1 to the Determination of Qualifying Criteria and Qualifications for Financial Services Providers, No. 1 of 2008 ("Determination of Qualifying Criteria"); and
   2.2 RE3 examination, being the examination applicable to key individuals as contemplated in section 2 in Annexure 1 to the Determination of Qualifying Criteria.

3. To accommodate persons who needed to comply with the examination requirements, the Registrar extended the deadline by which the examination had to be completed to 30 June 2012. The Registrar further granted persons who have written the relevant examination at least once by 30 June 2012, but who were unsuccessful in their attempt, an additional 3 months until 30 September 2012 to re-write and pass the examination. The 30 September 2012 deadline was later finally extended to 31 March 2013.

Consideration of exemption

4. Section 44(4) of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), provides that the Registrar may exempt any person, on reasonable grounds, from any provision of the Act provided the Registrar is satisfied that-

   4.1 the rendering of financial services by that person is already partially or wholly regulated by another law; or
   4.2 the application of a provision of the Act will cause that person or clients of that person financial or other hardship or prejudice; and
   4.3 the granting of the exemption will not conflict with the public interest, prejudice the interests of clients and frustrate the achievement of the objects of the Act.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime
Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

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5. The power of the Registrar to grant exemption under section 44 is qualified. That is, the Registrar may only exempt a person if reasonable grounds exist to do so and only if the Registrar is satisfied that the factors referred to in paragraph 4 above are met. Therefore, in exercising the Registrar's discretion it is necessary to have regard to the qualifying factors set out in section 44.

6. It is noted that the application is based, *inter alia*, on the following factors:

   6.1 The applicant has attempted to complete the examinations before, but has been unsuccessful due to personal circumstances, i.e. a custody dispute in respect of his children that has been on-going for the past 2 (two) years;
   6.2 The applicant has now again registered to complete the examination;
   6.3 The licence of BnP Capital (Pty) Ltd ("the FSP") is currently suspended as a result of the applicant, being the FSP's key individual, not complying with the examination requirements;
   6.4 The FSP has put processes in place in order to comply with the provisions of the Act;
   6.5 The suspension of the FSP's licence-
      (a) is threatening the work that the FSP is currently doing for a State Owned Enterprise;
      (b) is leading to the FSP receiving media attention which, coupled with (a) above, may have consequences with regard to the FSP's capital requirements;
      (c) has threatened the business of the FSP and created the possibility of the FSP having to close its doors; and
   6.6 Should the application for exemption be granted, it would assist the FSP to continue to do business and to comply with the conditions on its licence.

7. It is implied in the basis of the request for exemption that compliance with the examination requirements may cause the applicant or the FSP financial or other hardship. It is widely recognised and accepted that regulation has and always will have a negative financial impact on and/or may create other burdens for regulated persons. This must have been within the contemplation of the lawgiver when it decided to introduce the competency requirements.

8. Therefore, the question, *inter alia*, is not whether it creates hardship but rather what reasonable grounds exist in relation to that hardship to support an application for exemption, for example whether the hardship the applicant or the FSP experiences is excessive in relation to other persons that must comply with the same requirements and having cognisance of the purpose of the requirement and the objectives of the Act. In the absence of such information, the Registrar is of the view that merely claiming that compliance with the requirement creates hardship does not constitute reasonable grounds as contemplated in section 44(4) of the Act.

9. In addition, the applicant's position does not really differ from that of any other person that is in a similar position and who has to comply with the examination requirements.

10. The Registrar has noted, *inter alia*, that:

   10.1 the applicant made the following attempts to complete the examinations:
      (a) the first two attempts to complete the RE1 examination was during June 2012 and August 2012 respectively;
      (b) the first attempt to complete the RE3 examination was during March 2013;
      (c) two further attempts were made to complete the RE1 examination, during July 2013 and August 2013 respectively; and
      (d) one further attempt was made to complete the RE3 examination, during September 2013.
   10.2 the above attempts of the applicant to complete the examinations were the only attempts made by the applicant. The last attempt to complete the RE1 examination was therefore during August 2013, and the RE3 examination during September 2013;
   10.3 the applicant registered to complete the examinations no less than 16 (sixteen) times, but was absent from the examinations each time; and

IP

10.4 the custody dispute referred to in the application for exemption was apparently on-going for the last two years. This does not explain why the applicant did not attempt to complete the examination prior to such custody dispute ensuing.

11. The Registrar has noted, with concern, that this is not the applicant's first application for exemption:

11.1 On or about 19 May 2015, the FSP was notified of the Registrar's intention to suspend the FSP's licence for several reasons, *inter alia*, because the applicant has not complied with the examination requirements;
11.2 The applicant responded by attaching proof of registration to complete the examinations on 19 June 2015 and 10 July 2015 respectively. On this basis, the applicant applied for exemption;
11.3 Such application was granted and came into operation on 20 August 2015. Although the applicant had initially requested exemption until 31 August 2015, exemption was granted until 30 November 2015.
11.4 After the application was made, and before receiving feedback thereon, the applicant made no attempts to complete the examination; and
11.5 After the application was granted, and the applicant duly notified, no attempts were made by the applicant to complete the examination.

12. As a result of the applicant's failure to comply with the conditions of the exemption, i.e. to complete the examinations by 30 November 2015, the applicant was-

12.1 on 1 December 2015, sent an e-mail from this Office, requesting proof by close of business of that day that he had successfully completed the examinations. No response was received;
12.2 on 9 December 2015, contacted by this Office telephonically to discuss the applicant's failure to comply with the conditions of the exemption;
12.3 on 18 December 2015, sent another e-mail requesting feedback from the applicant within 5 (five) days. No response was received; and
12.4 on 13 January 2016, informed that the matter would be referred for regulatory action.

13. The applicant responded to the last-mentioned e-mail on 13 January 2016, merely indicating that he had only returned to the office on that day, and further indicating that he should have written the examinations "sometime in December", but that the date was moved to the 18th of January 2016. Our records indicate that the applicant never registered to complete the RE1 or RE3 examinations during December 2015. He did, however, register to complete the examinations on 18 January 2016 and 1 March 2016 respectively, but was absent on both occasions.

14. The matter was subsequently referred for regulatory action by this Office:

14.1 On 23 March 2016, the FSP was notified of the Registrar's intention to suspend the FSP's authorisation as a result of the applicant not complying with the examination requirements. No response was received;
14.2 On 12 May 2016, the FSP was notified of the suspension of the FSP's authorization; and
14.3 The applicant only responded to the notice of suspension on 23 June 2016 in which letter he appealed to the Registrar not to proceed with the withdrawal of the FSP's licence as, *inter alia*, the applicant would complete the examination at the beginning of July 2016.

15. Our records indicate that the applicant registered to complete the RE1 examination on 7 July 2016 but was, again, absent.

16. On 11 July 2016, another e-mail was sent to the applicant requesting reasons why the licence of the FSP should not be withdrawn in circumstances where the applicant still did not comply with the examination requirements. Only in response to this email, and not of his own accord, did the

applicant explain that he could not write the examination at the beginning of July 2016 as a result of the attack on the FSP by the media which he was required to deal with. He further provided proof of registration for the writing of the RE1 examination on 26 July 2016. To date, no proof has been received by this office that the applicant has passed the RE1 examination.

17. On or about 19 July 2016, the applicant submitted the current application for exemption from the examination requirements, more than 7 (seven) months after the previous exemption lapsed.

Conclusion

18. It is unclear how the applicant's custody dispute could prohibit the applicant from attempting to complete the examination even once during a period of 2 (two) years, in circumstances where he was still in a position to attend to his daily duties as the key individual of the FSP.

19. The applicant has had ample time and has been given many opportunities to comply with the examination requirements.

20. Nearly 3 (three) years have gone by since the applicant's last attempt to complete the examinations, during which time the application has not once attempted to complete the same. This is so despite several correspondences from this Office emphasising the importance of his compliance with this requirement.

21. In addition, the applicant only communicated in response to this Office correspondence, never of his own accord.

22. Despite the general exemption given by the Registrar to accommodate persons, as referred to in paragraph 3 above, as well as the specific exemption granted to the applicant upon his request, the applicant took no significant steps to comply with the examination requirements.

23. The applicant's conduct shows nothing less than a complete disregard for the peremptory requirements of the Act.

24. In considering an exemption application the Registrar must consider the interests of the public. The potential harm to consumers of financial services is self-evident if they conduct financial services business with a person who does not know and/or understand the obligations and responsibilities imposed on such person by the Act.

25. In view of the above, the Registrar is not satisfied that reasonable grounds exist to warrant an exemption from the examination requirements.

26. The Registrar hereby affords the applicant an opportunity to respond to this letter and to provide reasons why the exemption application should not be declined. Such reasons are to be furnished by no later than 5 August 2016.

Yours sincerely

Marianne van Rooyen
On behalf of CD Da Silva
Deputy Registrar: Financial Services Providers

FINANCIAL SERVICES BOARD

REGULATORY EXAMINATION RECORD

ID : 7301155649085
NAME : Pholisani Daniel Mahlangu
DATE ISSUED: 25/07/2016

NAME OF EXAMINATION	DATE	PERCENTAGE	POINTS	
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	14/06/2012	0.00	0	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	27/06/2012	56.25	45	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	14/08/2012	58.75	47	Unsuccessful
First Level Regulatory Examination: FSPs and Representatives in all Categories of FSPs (RE 5)	17/08/2012	76.00	38	Passed
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	28/03/2013	53.33	16	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	29/05/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	31/05/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	23/07/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	25/07/2013	61.25	49	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	30/08/2013	57.50	46	Unsuccessful
First Level Regulatory Examination: FSPs and Key	05/09/2013	46.67	14	Unsuccessful

COMMISSION FOR CONCILIATION MEDIATION AND ARBITRATION

Individuals in Categories II and IIA (RE 3)				
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	06/11/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	15/11/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	20/02/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	27/02/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	30/10/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	19/11/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	24/03/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	28/08/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	28/09/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	18/01/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE 3)	01/03/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	20/06/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE 1)	07/07/2016	0.00	0	Absent

Please note:

The regulatory exam record is strictly intended for internal use by the FAIS legal advisor(s) only, and may not be distributed to external parties.

COMMISSION FOR CONFLICT OF INTEREST CAPTURE

FINANCIAL SERVICES BOARD

DATE OF FIRST APPOINTMENT / APPROVAL (DOFA) RECORD

ID : 7301155649085
NAME : MR PHOLISANI MAHLANGU
DATE ISSUED: 25/07/2016
KI DATE OF FIRST APPROVAL: 08/11/2011
REP DATE OF FIRST APPOINTMENT: 03/08/2011

NAME OF FSP	ROLE	CATEGORY	SUB-CATEGORY	ADVICE	INTERMEDIARY SERVICES
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	8	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	9	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	10	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	11	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	12	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	13	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	17	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	18	08/11/2011	08/11/2011

COMMISSION OF INQUIRY STATE CAPTURE

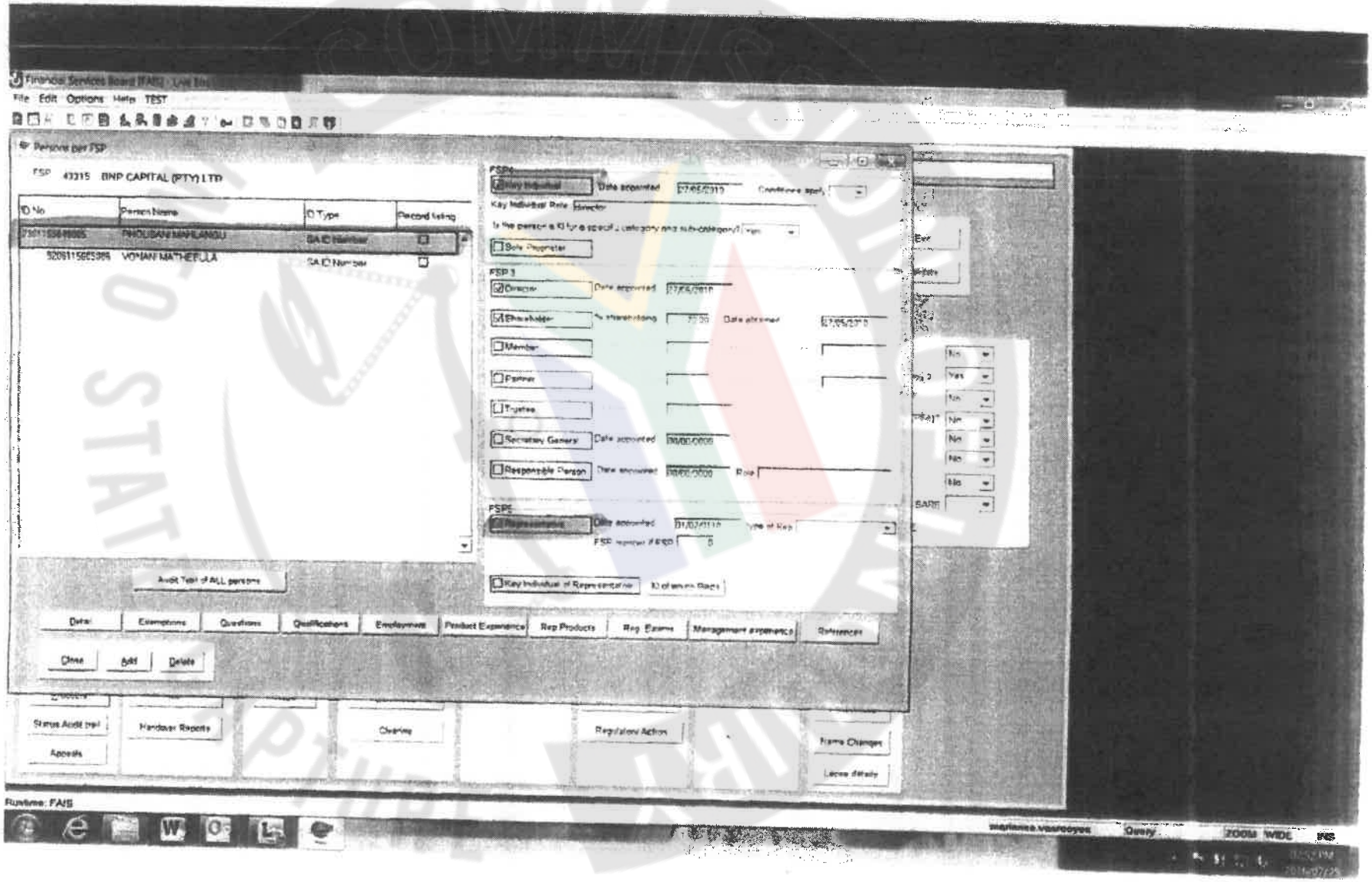
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	5	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	6	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	7	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	8	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	9	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	10	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	13	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	14	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	8	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	9	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	10	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	11	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	12	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	13	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	17	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	18	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	5	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	6	00/00/0000	03/08/2011

(43315) BNP CAPITAL (PTY) LTD	Representative	2	7	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	8	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	9	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	10	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	13	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	14	00/00/0000	03/08/2011

Please note:

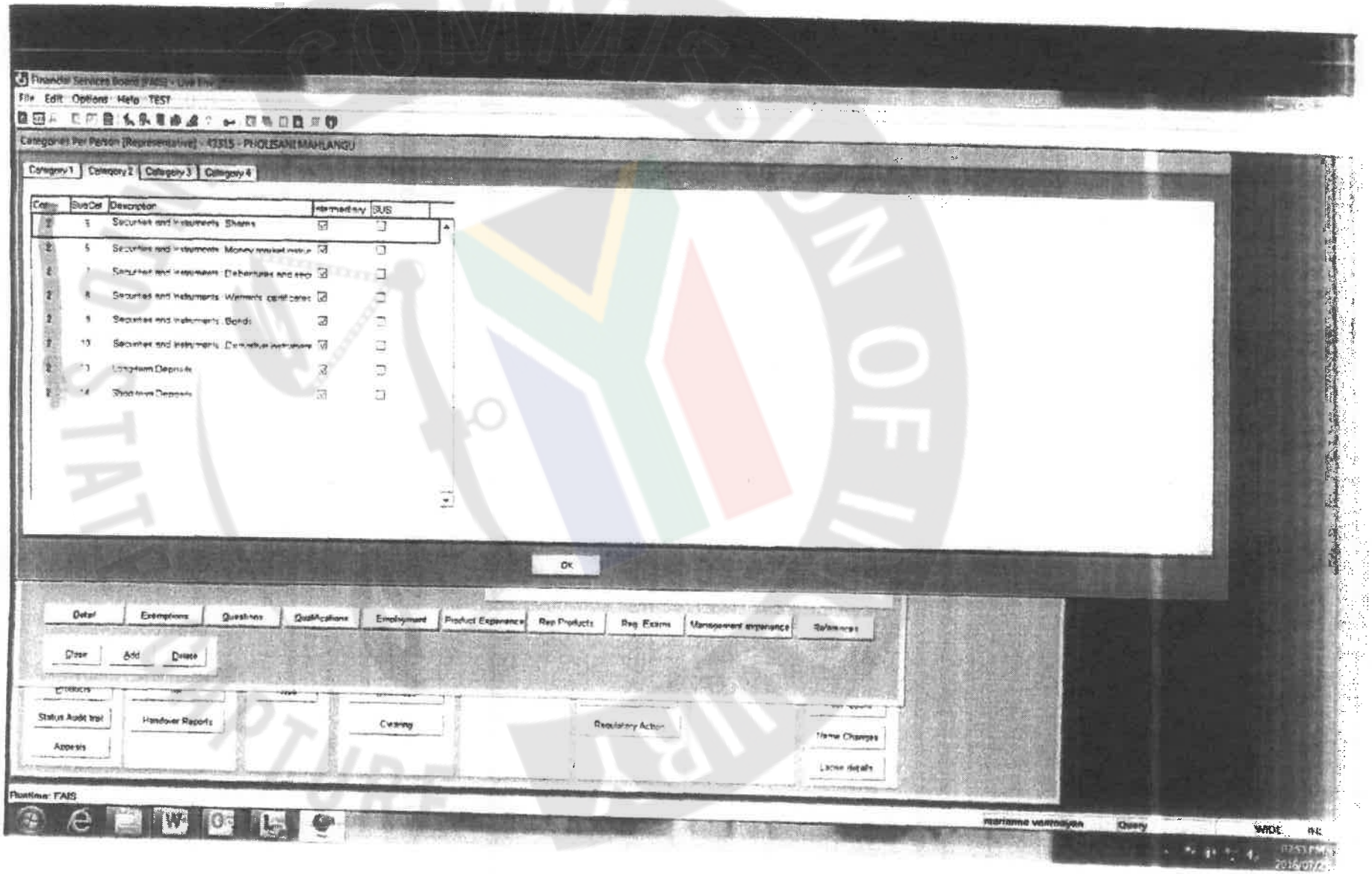
1. The information reflected above is correct as at the date issued and the information is based upon information maintained by the Financial Services Providers in compliance with Section13(3) of the FAIS Act.
2. The above information is confidential in nature, and should only be used by the recipient for its intended purpose i.e. the purpose for which consent was obtained.
3. Any queries relating to the information reflected above should be submitted to Fais.Dofa@fsb.co.za

COMMISSION OF INQUIRY STATE CAPTURE



CASS-664

0082-0996-0001-0087



CASS-665

0082-0996-0001-0089

2011/0/0283/FSP
02/12/2011

FINANCIAL SERVICES BOARD

LICENCE No. 43315

FINANCIAL SERVICES PROVIDER
Financial Advisory and Intermediary Services Act, 2002

It is hereby certified that with effect from 8 November 2011

BNP CAPITAL (PTY) LTD

IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT No. 37 OF 2002)
subject to the conditions and restrictions set out in the Annexure

.....

REGISTRAR OF FINANCIAL SERVICES PROVIDERS

This document to be displayed in terms of section 8(8)(a) of the Act. The Annexure to be available for the information of clients.

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

CONDITIONS AND RESTRICTIONS

individual, of the provider, in addition to acting also in such cases in accordance with the procedure and time limit set out in Condition 1, also ensure full compliance with section 8(4)(b) of the Act, the provisions of which must be regarded as included in this Condition.

3 The financial services provider must within one month of the date contemplated in section 7 of the Act, submit a copy of the register kept in terms of section 13(3) of the Act to the Registrar, and must thereafter in accordance with the procedure and time limit set out in Condition 1, inform the Registrar of any change effected to the details as contained in that register.

4 The financial services provider must not in any manner change the name of the financial services business as reflected on the licence concerned, or carry on any financial services business under such a changed name, unless- (a) the provider has fully complied with the provisions of any other law than the Act which regulates such change of business name (if any); (b) the provider has fully disclosed to the Registrar the details of such compliance with such other law; (c) the Registrar is satisfied that such change of name is otherwise lawful and has approved such change of name; and (d) the Registrar has issued to the provider an appropriately amended licence under the provisions of section 8(5)(b)(i) of the Act.

5 The financial services provider must at all times ensure that any financial product in respect of which the provider intends to render a financial service, qualifies as a financial product contemplated in the Act and is or will be lawfully issued by the relevant product supplier by virtue of an authority, approval or right granted to such supplier under a law as contemplated in the definition of 'product supplier' in section 1(1) of the Act.

3. Applicable exemptions (if any):

Exemption of financial services providers as regards to representatives (Board Notice 95 of 2003)
Exemption of licensees as regards display certified copies of licences (Board Notice 40 of 20040

IP

Marianne Van Rooyen

From: Khosi Segole-Sibisi | FSB
Sent: 05 June 2015 05:07 PM
To: Shiame Lehong
Cc: Dineo Motswakae; Mahlomola Mataboge
Subject: FW: Suspension FSP 43315 Case 563138

Please close the RA case and FSP must be removed from the batch.

Regards,

Ms Khosi Segole-Sibisi
Manager
Fais Compliance Department
Financial Services Board
E-mail: Molobane.Segole-Sibisi@fsb.co.za
Tel: (012) 367 7168
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Mbali Mdlalose
Sent: 05 June 2015 04:02 PM
To: Dineo Motswakae; Mahlomola Mataboge
Cc: Khosi Segole-Sibisi | FSB; Tshepo Mogale
Subject: Suspension FSP 43315 Case 563138

Good day ,

Please note that the returns that were received in respect of this suspended FSP have been allocated to your basket for analysis and for the suspension lifting memo to be prepared .

Regards ,

I.P

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	FAIS Compliance	D. DIALLING NO.:	(012) 367 7290 / 7218
OUR REF:	43315	FAX:	(012) 422 2973
DATE:	19/05/2015	E-MAIL:	Fais.Compliance@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF INTENTION TO SUSPEND AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER : 43315) ("THE LICENSEE")

1. The licensee is hereby notified of the intention of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

2. The grounds of the intended suspension are as follows:
   - The licensee and/or key individual/s of the licensee does not meet or no longer meets the fit and proper requirements applicable to the licensee or key individual
   - The licensee has failed to comply with the provisions of the Act

3. The reasons that inform the grounds for the Registrar's intention to suspend the licensee's authorisation are set out below.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

I.P

granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual(s) listed in the Table below has failed to successfully complete the relevant first level regulatory examination(s) in contravention of section 10 of the Determination of Fit and Proper Requirements

ID	Name
7301155649085	MR PHOLISANI MAHLANGU

- The licensee and/or the key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

4. Intended period of suspension

4.1 If the ultimate decision of the Registrar is to suspend the licensee's license –

(a) the licensee's authorisation will be suspended for three months.

(b) the suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with all the terms attached to the suspension.

4.2 The Registrar, at expiry of the period referred to in paragraph 4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

5. Terms to be attached to the intended suspension

The Registrar, if the ultimate decision is to suspend the authorisation of the licensee, intends to attach the following terms to the suspension of the licensee's licence:

5.1 General terms

Marianne Van Rooyen

From:	Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent:	02 June 2015 06:15 PM
To:	FAIS Compliance
Subject:	BnP Capital (Pty) Ltd FSP : 43315
Attachments:	BnP Capital - FINAL - 2013.pdf

Dear Sir/Madam.
It has come to my attention that we have nopt submitted financial statements for 2013.
Please find attached BnP Capital financial statement for a 2013 financial year end.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : BnP Capital (Pty) Limited
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

BnP CAPITAL
& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act. No 37 of 2002 (FAIS). FSP Number 43315.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From: Mbali Mdlalose on behalf of FAIS Compliance
Sent: 05 June 2015 09:44 AM
To: 'Daniel Mahlangu'
Subject: RE: BnP Capital (Pty) Ltd FSP : 43315

Dear Daniel

Please note that we have received your Financial Statements and Compliance Report but we haven't receive a proof of Re Exam application .

Regards,

Mbali Mdlalose
FAIS - Registration
Financial Services Board
E-mail: mbali.mdlalose@fsb.co.za
Tel: (012) 428 8076
Fax: (012) 422 2978
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0081, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 02 June 2015 06:15 PM
To: FAIS Compliance
Subject: BnP Capital (Pty) Ltd FSP : 43315

Dear Sir/Madam.
It has come to my attention that we have nopt submitted financial statements for 2013.
Please find attached BnP Capital financial statement for a 2013 financial year end.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : BnP Capital (Pty) Limited
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

BnP CAPITAL
& Investments

IP

BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board
Riverwalk Office Park
Block B, 41 Matroosberg Road
Ashlea Gardens Extnsion 6
Pretoria South
0081

Dear Sir/ Madam

Re: Notice of Intention to suspend authorisation: BnP Capital (Pty) Limited (FSP: 43315) ("The Licensee")

Contravention of Section 17(4) of the FAIS Act

The Financial Service Provider ("FSP") have submitted a compliance report for 2014 as indicated.

Contravention of Section 19(1) read with section 19(2) of the FAIS Act

The Service Provider has submitted both 2013 and 2014 financial statements to comply with the above section.

The licensee and /or Key Individual of the licensee does not meet or no longer meets the fit and proper requirements

The Key individual has registered with Moonstone to write all relevant exams to comply with the fit and proper requirements.

We humbly request that the register suspend its intention to suspend our license and review its decision after a period of 4 months.

Yours Sincerely

DANIEL MAHLANGU

Directors: D Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

PAID

Tax Invoice - Paid

Moonstone Information Refinery (Pty) Ltd	Tax Invoice - Paid	
Reg. No.: 2000/001874/07 VAT Reg. No.: 4440187252	Date:	2015-05-11
25 Quantum Street, Techno Park, Stellenbosch, 7600 PO Box 12662, Die Boord, Stellenbosch, 7613 Tel no: (021) 883 8000 Fax no: 086 764 5342 website: www.moonstoneinfo.com	Page:	1 of 1
	Invoice No:	EB106910

Customer Details:

to: BnP Capital
Vat no:
Person Attending: Daniel Mahlangu
Fsp Name: BNP CAPITAL (PTY) LTD
Address:
Summit Square 15 School Road Morningside Sandton

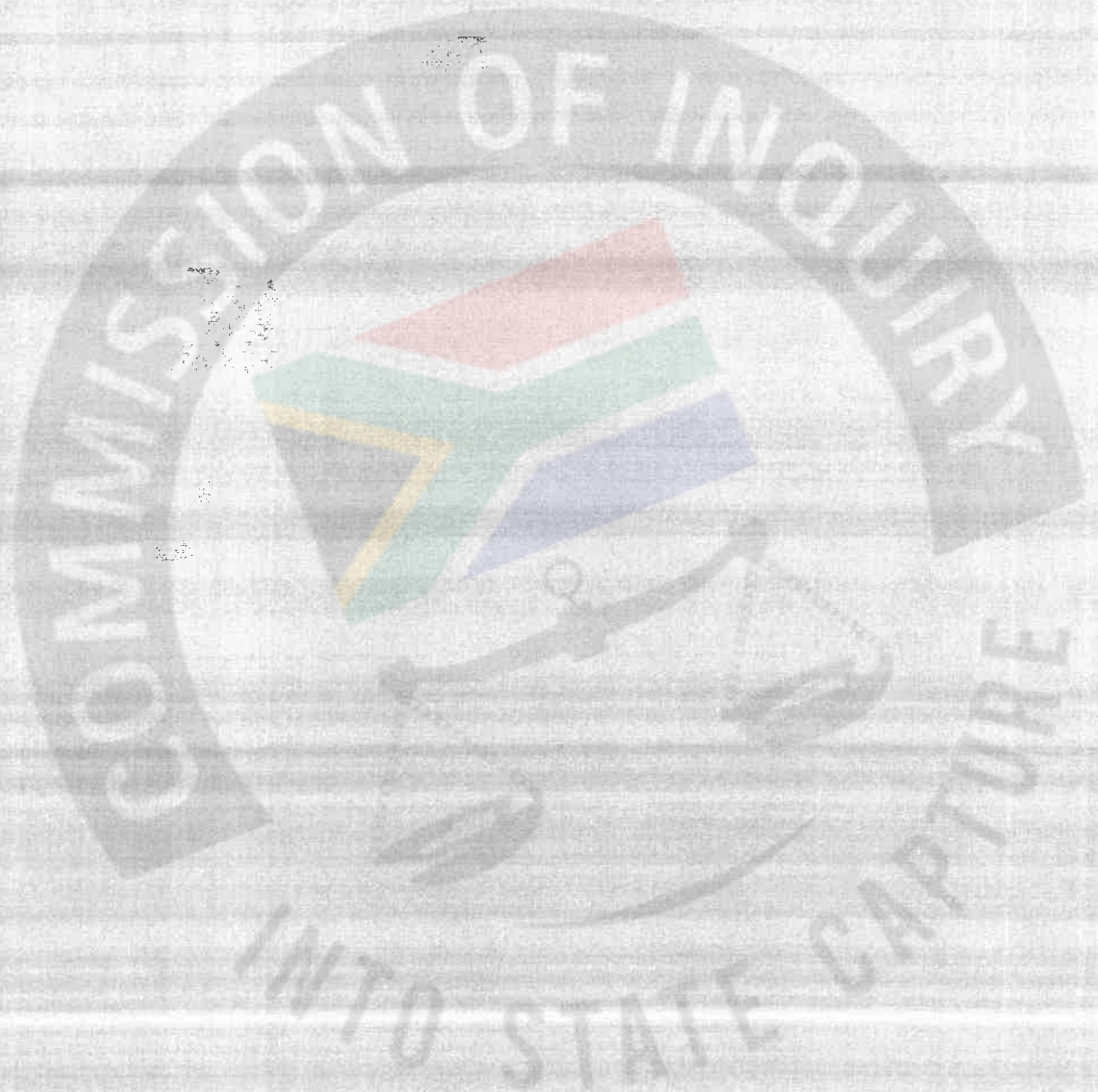
Code	Description	Quantity	Net Price
1	Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV (2015-06-19) 11:30	1	R 1113.00
3	Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221 RE3 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA (2015-07-10) 09:00	1	R 1113.00

Bank account details	Sub Total	R 1952.62
Moonstone Information Refinery (Pty) Ltd First National Bank Type : Current Acc: 6227-696-2349 Branch Name: Stellenbosch Branch Code: 20-06-10 Swift Code: FIRNZAJJ	VAT @ 14%	R 273.38
	Total	R 2226.00
Thank you for your support.		

PLEASE FAX PROOF OF PAYMENT TO 086 764 5342. PLEASE USE YOUR INVOICE NUMBER AS REFERENCE WHEN MAKING PAYMENT.

COMMISSION OF INQUIRY INTO STATE CAPTURE

LP



H

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Friday, August 12, 2016 1:06 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: Key Individual Application - FSP 43315
Attachments: Certified copies of qualifications, degree,articles,FSB.pdf; Payment Notification.pdf; DOC039.pdf

Dear Sir/Madam,
Please find attached an application form for a new key individual together with a proof of payment for your attention.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

BnP CAPITAL
& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

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For more information please visit http://www.is.co.za

IP

University of South Africa

We certify that

Samuel Zvikomborero Matimba

having complied with the requirements of the Act and Statute, was admitted to the degree of

BACHELOR OF ACCOUNTING SCIENCE

at a congregation of the University on 29 March 1996

Vice-Chancellor

Dean

PRETORIA

Registrar

I THE UNDERSIGNED HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL EXHIBITED TO ME
10 17/07/2014
ALEC GORDON McLEOD VEITCH
PRACTISING ATTORNEY R.S.A. COMMISSIONER OF OATHS

ALEC GORDON McLEOD VEITCH
Commissioner of Oaths Ex Officio
Practising Attorney RSA
2nd Floor, 8 Melrose Boulevard, Melrose Arch
Johannesburg 2076

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

0082-0996-0001-0104

FSB

FPI
Financial Planning Institute of Southern Africa
THE PROFESSIONAL STANDARD

Regulatory Examination Certificate

This serves to certify that

Samuel Matimba
CN096971

has successfully completed

First Level Regulatory Examination: Representatives

CERTIFIED A TRUE COPY OF THE ORIGINAL
Jason Lance Doming
Practising Attorney / Commissioner of Oaths
Date: 12/02/14

Chief Executive Officer

21 May 2014
Examination Date

Certificate Number: PR098581

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSB

FPI
Financial Planning Institute of Southern Africa
THE PROFESSIONAL STANDARD

Regulatory Examination Certificate

This serves to certify that

Samuel Matimba
CN096971

has successfully completed

First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

CERTIFIED A TRUE COPY OF THE ORIGINAL
Jason Lance Doming
Practising Attorney / Commissioner of Oaths
Date: 17/02/14

Chief Executive Officer

30 May 2014
Examination Date

Certificate Number: PR099935

COMMISSION OF INQUIRY INTO STATE CAPTURE

NOTIFICATION OF PAYMENT

Dear Fsb
Fais

First National Bank hereby confirms that the following payment instruction has been received

Date Actioned	: 2016/08/12
Time Actioned	: 11:15:36
Trace ID	: DGZHWZ4C

Payer Details

Payment from	: *BNP CAPITAL (PTY) LTD
Cur/Amount	: ZAR1251.00

Payee Details

Recipient/Account no.	: 5000787
Name	: FSB MAIN ACCOUNT
Bank	: FNB
Branch Code	:
Reference	: FSP43315

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at www.fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

Disclaimer:
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FirstRand Bank Directors: LL Dippenaar (Chairman), JP Burger (CEO), VW Bartlett, AP Pullinger (Deputy CEO), MS Bomela, P Cooper (Alternate), JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, HS Kellan, RM Loubser, EG Matenge-Sebesho, PJ Makosholo, AT Nzimande, D Premnarayen (India), BJ van der Ross, JH van Greuning. Company Secretary: C Low

First National Bank, a division of FirstRand Bank Limited. Reg.No.1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

FSB

KEY INDIVIDUALS / SOLE PROPRIETOR

Instructions:
This form must be completed by an applicant that is a sole proprietor and any key individual of an applicant.
A sole proprietor means an FSP that is a natural person.

The expression 'key individual' is defined in section 1(1) of the Act as follows:

'Key individual', in relation to an authorised financial services provider, or a representative, carrying on business as –

a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or

b) a corporate body or trust consisting of only one natural person as a member, director, shareholder or trustee, means any such natural person; ..

If an applicant intends to render various financial services, the key individual (see also guidance note for further explanation) or individuals responsible for managing or overseeing the various financial services must be listed.

The key individual is responsible for managing or overseeing the activities of the FSP and such individual must comply with the requirements in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008.

GUIDANCE NOTE:
Subparagraph (b) of the definition requires little or no explanation, in that it deals with entities (persons), which are managed, owned or governed by one natural person only. In this scenario it is clear that this natural person is the key individual as defined.

Subparagraph (a) of the definition will be broken down into the two functions mentioned in this subparagraph, that are the function of managing and the function of overseeing.

Reference is made to the Concise Oxford Dictionary for definitions of the terminology. Managing is defined as *'having executive control or authority (Managing Director,'*. Overseeing or oversee is defined as *'officially supervise (workers, work, etc.)'*.

It is therefore clear from these definitions that a key individual mentioned in subparagraph (a) would include persons in executive control such as directors and other persons performing a managerial function over activities relating to the rendering of a financial service.

In a life insurance company, for example, key individuals may therefore include, directors, provincial managers, and depending on the structure of a particular entity, any other individual whom in the opinion of the controlling body is also engaged in overseeing the activities of a representative, in rendering a financial service regulated by the Act. However, it is not the intention to include every person in a supervisory capacity, or indeed, every director.

Explanatory notes: *(The number next to the note refers to the relevant fields that must be completed.)*

A separate Form FSP 4 must be completed for each Key Individual.

A. Provide the initials and surname of the sole proprietor or key individual.

B. Provide the sole proprietor's and key individual's details

C. Provide the relevant contact details of the sole proprietor and the key individual.

D. Give a description of what best describes the key individual's role in the organisation.

E. All of the questions numbered 1 to 6 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form FSP 14A* what documentation is attached.

F. All questions numbered 1 to 11 must be answered. If any questions are answered with a "YES", full details must be attached to the application form Indicate on *Form FSP 14A* what documentation is attached.

G. Sole proprietors and key individuals must comply with the qualification requirements set out in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008. In terms of the aforementioned Determination qualifications must be recognised by the Registrar and must be listed on the List of Recognised Qualifications. Please refer to the List of Recognised Qualifications to determine whether the qualifications listed under section G.1. are recognised. If the qualifications are not recognised you must, prior to submitting this application, apply in the prescribed

form and manner to the Registrar for recognition of the qualifications

If the qualifications are recognised, indicate under 'Qualification Code' in column two of the Table under section G.1. the qualification ID number as reflected on the List of Recognised Qualifications.

Attach certified copies of the qualifications and indicate on *Form FSP 14A* what documentation is attached.

H. List the relevant experience that the person has gained within the last 5 years. Full details of the person's responsibilities must be provided to illustrate that the person's experience is relevant to the category of financial services and subcategory of financial products being offered / rendered.

I. Indicate under section I.1. the sole proprietor's and key individual's experience in the management or oversight of the activities of a business or part thereof. Indicate under section I.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

J. Indicate under question J.1. the sole proprietor's and key individual's experience for the categories of financial services and the subcategories of financial products in respect of which the sole proprietor will be rendering financial services and the key individual will be managing or overseeing.

Indicate under section J.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

K. The key individual and sole proprietor must have the operational ability to fulfill the responsibilities imposed on the licensee and its key individuals by the Act.

L. Indicate whether the key individual will be rendering financial services as a representative.

M. A certified copy of the key individual's and sole proprietor's identification document (e.g. identity document for SA Citizens and passports for non-SA Citizens) must accompany the application.

N. Where the key individual (refer to note below) will also be rendering financial services as a representative (s)he must complete FSP Form 5.

O. An indemnity form must be completed by the sole proprietor and all key individuals.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Form FSP 14 A - Page 1 of 2

ATTACHMENTS AND FORMS COMPLETED

FSB

FSP Name: BNP CAPITAL (PTY) LTD

FSP No: 43315

Indicate whether the following forms are attached and the number of forms.

Form No	Complete	Number of copies attached
FSP 1		
FSP 2		
FSP 3		
FSP 4		
FSP 5		
FSP 6		
FSP 7		
FSP 8		
FSP 9		
FSP 10		
FSP 11		
FSP 12		
FSP 13A		
FSP 13B		
FSP 14B		
FSP15		

Have all your representatives' detail been submitted with the application form: Yes ☐ No ☐
If not, a separate electronic submission may be made in the prescribed format.

Clearly indicate any attachments that have been included with this application form.

Attachment A	
Attachment B	
Attachment C	
Attachment D	
Attachment E	
Attachment F	
Attachment G	
Attachment H	
Attachment I	
Attachment J	
Attachment K	
Attachment L	
Attachment M	

Indicate the number of certified copies of the licence that will be required in terms of section 8(5)(a)(ii) of the Act.
Note that a service fee is payable for each certified copy

Number of certified copies

IP

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSP Name BNP CAPITAL

FSP No 43315

Declaration by the Financial Services Provider
(A Key Individual of a close corporation, partnership, trust and sole proprietor or the managing director or chief executive officer of a company must sign this declaration)

I SAMUEL. Z. MATIMBA ..... (full name of the key individual or director) confirm that the information contained in this application is accurate and true in all material aspects.

I hereby acknowledge that I am familiar with the provisions of the Act and the duties imposed by it (eg. the reporting duties under section 17 and 19 of the Act) on a FSP.

I hereby acknowledge and accept that, if this application is granted, the FSP will be subject to the jurisdiction of the Ombud as defined in section 1(1) of the Act. Furthermore, I acknowledge and accept that the Ombud may make determinations in terms of the provisions of section 28 of the Act.
(If the applicant is a juristic person, attach a resolution authorising the signatory to apply for a licence to conduct business as a financial services provider)

I hereby acknowledge that I understand am familiar with the provisions of the Financial Services Board Act and the duties imposed by the said Act on the financial services provider in relation to the payment of levies.

Name: S Z. MATIMBA *Capacity:* K.I

Date: 12/08/2016 *Signature:*

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSB

KEY INDIVIDUALS / SOLE PROPRIETOR

FSP No 43315

A. Full Names of Key Individual/ Sole Proprietor: SAMUEL ZVIKOMBORERO MATIMBA

Indicate type of Identification:

Identity Number:

Passport Number: CN096971 (ZIM PASSPORT)

Other:

If other, please specify:

B. Details of Key Individual/ Sole Proprietor

Title: MR

Initials: S.Z

First Name: SAMUEL

Surname: MATIMBA

Date of Birth: 28/05/1973

Date of appointment to current position: AUGUST 2016

C. Contact details:

Physical Address: EAGLE CANYON ESTATE HONEYDEW 2170

Postal Code: 2170

Postal Address: P.O. BOX 2040 3391

Postal Code:

Telephone Number: 011 678 1071

Fax Number (if applicable):

Mobile Phone Number: 072 314 3882

E-mail Address: Samuel@davidworthinc.com

IP

(if applicable)

D. Role of Key individual in the organisation:

Company director	☐
Member of a close corporation	☐
Trustee of a trust	☐
Partner in a partnership	☐
Manager	☒
Secretary General	☐
Other	☐

(If "other", provide a short description of the key individual's role)

E. Fit and Proper Requirements –honesty and integrity questions

If the answer to any of the questions is YES, provide full details in a separate document signed by the key individual and attach to the application form.

	Questions	Yes	No
1	Has an adverse finding been made against you within a period of five years preceding the date of application in any civil or criminal proceedings by a court of law (whether in the Republic of South Africa or elsewhere) in which you were found to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty?	☐	☒
2	Have you within a period of five years preceding the date of application been found guilty by any professional or financial services industry body (whether in the Republic or elsewhere), of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
3	Have you within a period of five years preceding the date of application been denied membership of anybody referred to in paragraph 2 on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
4	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere) of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
5.	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere), recognised by the Financial Services Board has an authorisation to carry on business has been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
6	Have you at any time prior to the date of application been disqualified or prohibited by any court of law (whether in the Republic or elsewhere) from taking part in the management of any company or other statutorily created, recognised or regulated body, irrespective whether such disqualification has since been lifted or not?	☐	☒

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FSB

F. Section 8(2)(a) of the Act – Additional Information

If the answer to any of the questions is YES, provide full details in a separate document signed by the key individual and attach to the application form.

	Questions	Yes	No
1	Have you been refused the right to carry on or restricted from carrying on a trade, business or profession for which a specific licence, registration or other authority is required by law in any country?	☐	☒
2	Have you been issued with a prohibition order under any law administered by the Financial Services Board or been prohibited by other regulatory bodies from operating in the financial services industry?	☐	☒
3	Have you been involved with a corporation, which has been censured, disciplined, suspended or refused membership or registration by a stock exchange, futures exchange, other market or regulatory authority?	☐	☒
4	Have you had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil proceedings, in South Africa or elsewhere or are there any proceedings now pending which may lead to such a judgment?	☐	☒
5	Have you knowingly or negligently aided or abetted other persons in the breach of any laws, regulations, exchange rules and/or codes of conduct?	☐	☒
6	Have you been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in the Republic or elsewhere) or exchange, professional body or government body or agency?	☐	☒
7	Has your estate ever been sequestrated?	☐	☒
8	Have you ever been a controlling shareholder, director of a company or member of a close corporation at the time it was placed under judicial management or in provisional or final liquidation?	☐	☒
9	Have you ever been refused a licence or registration in any place under any law, which requires licensing or registration in relation to securities, futures, leveraged foreign exchange or insurance activities?	☐	☒
10	Have you ever been refused authorisation to carry on business by any regulatory body (whether in the Republic or elsewhere), recognised by the Financial Services Board or has such authorisation ever been suspended or revoked by any such body, because of negligence, incompetence or mismanagement?	☐	☒
11	Do you have any additional information, which should be brought to the Registrar's attention, which may have an impact on the evaluation, by the Registrar of your good character and integrity?	☐	☒

G.1. Qualifications

Please note that only qualifications listed on the List of Recognised Qualifications will be considered

Institution that issued the qualification	Qualification code	Qualification	Year obtained
SAIPA INSTITUTE OF PROFESSIONAL ACCS		PROFESSIONAL ACCOUNTANT	2009
UNISA		BCOMPT	1996
ICAZ CA (ZIM) INSTITUTE OF		ARTICLES	1996

G.2. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE Rep	REP	21 MAY 2014
RE I, II, IIA, III, IV	KEY IND	30 MAY 2016

TP

H. Employment history

Provide a detailed CV of the experience of the sole proprietor or key individual. The CV must include sufficient detail to enable the Registrar to ascertain that the person comply with the required experience requirements.

Dates of Employment (dd/mm/yyyy - dd/mm/yyyy)	Employer	Position held	Details of responsibilities Provide detailed information on responsibilities
2013 - 2015	RH MANAGERS	PARTNER	DEAL ORIGINATION, FUND MANAGEMENT BUY SIDE
2011 - 2013	ARKEIN CAPITAL PARTNERS	CFO, PARTNER	FUND MANAGEMENT BUY SIDE MODELLING
2006 -	UTHO CAPITAL	SENIOR ASSOCIATE	DEAL ORIGINATION MANAGEMENT MODELLING

I. Evidence of experience obtained in the management or oversight of the activities of a business.

I.1. Indicate the type and months of experience obtained.

Management / Oversight	Months experience
MANAGEMENT	20 YRS

I.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience (s)he had obtained with specific reference to the management or oversight of a business or part thereof.

Names of persons providing reference	Company employed
GONOVAN CHIMHANDAMBA	ARKEIN CAPITAL

J. Evidence of experience obtained in the rendering of financial services in respect of the categories of financial services and the subcategories of financial products.

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Note:

(i) A sole proprietor must demonstrate that (s)he has the relevant qualifications and experience relating to the category of financial services and subcategory of financial products in respect of which authorisation is sought.

(ii) An FSP must at all times ensure that at least one or more of the key individuals meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP who is a sole proprietor in respect of any one or more categories of financial services and subcategories of financial products in respect of which authorisation is sought.

J.1. Indicate experience obtained in the rendering of financial services in respect of the categories of financial services and the subcategories of financial products.

			A. Months experience advice		B. Months experience intermediary service
1	**CATEGORY I**				
1.1	Long-term Insurance subcategory A	☐		☐	
1.2	Short-term Insurance Personal Lines	☐		☐	
1.3	Long-term Insurance subcategory B1	☐		☐	
1.4	Long-term Insurance subcategory C	☐		☐	
1.5	Retail Pension Benefits	☐		☐	
1.6	Short-term Insurance Commercial Lines	☐		☐	
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐		☐	
1.8	Securities and Instruments: Shares	☒	20 yrs	☐	
1.9	Securities and Instruments: Money market instruments	☒	20 "	☐	
1.10	Securities and Instruments: Debentures and securitised debt	☒	20 "	☐	
1.11	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, 1.9 and 1.10 above.	☒	20 "	☐	
1.12	Securities and Instruments: Bonds	☐		☐	
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐		☐	
1.14	Participatory interests in Collective Investment Schemes	☐		☐	
1.15	Forex Investment Business	☐		☐	
1.16	Health Service Benefits	☐		☐	
1.17	Long-term deposits	☐		☐	
1.18	Short-term deposits	☐		☐	
1.19	Friendly Society Benefits	☐		☐	
1.20	Long-term Insurance subcategory B2	☐		☐	

			Months experience
2	**CATEGORY II – DISCRETIONARY FSP**		
2.1	Long-term Insurance subcategory B1	☐	
2.2	Long-term Insurance subcategory C	☐	
2.3	Retail Pension Benefits	☐	

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2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
2.5	Securities and Instruments: Shares	☒	20 YRS
2.6	Securities and Instruments: Money market instruments	☒	20 "
2.7	Securities and Instruments: Debentures and securitised debt	☒	20 "
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategories 2.5, 2.6 and 2.7 above.	☒	20 "
2.9	Securities and Instruments: Bonds	☐	
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
2.11	Participatory interests in Collective Investment Schemes	☐	
2.12	Forex Investment Business	☐	
2.13	Long-term deposits	☐	
2.14	Short-term deposits	☐	
2.15	Long-term insurance subcategory B2	☐	

			Months Experience
2A	CATEGORY IIA – HEDGE FUND FSP	☐	

			Months Experience
3	CATEGORY III – ADMINISTRATIVE FSP		
3.1	Long-term insurance subcategory B1	☐	
3.2	Long-term insurance subcategory C	☐	
3.3	Retail Pension Benefits	☐	
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
3.5	Securities and Instruments: Shares	☐	
3.6	Securities and Instruments: Money market instruments	☐	
3.7	Securities and Instruments: Debentures and securitised debt	☐	
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategories 3.5, 3.6 and 3.7 above.	☐	
3.9	Securities and Instruments: Bonds	☐	
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
3.11	Participatory interests in Collective Investment Schemes	☐	
3.12	Forex Investment Business	☐	
3.13	Long-term deposits	☐	
3.14	Short-term deposits	☐	
3.15	Long-term insurance subcategory B2	☐	

			Months Experience
4	CATEGORY IV – ASSISTANCE BUSINESS FSP	☐	

IP

J.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience he/she had obtained with specific reference to the category of financial services and subcategory of financial products in respect of which authorisation are sought.

Names of persons providing reference	Designation	Company employed
DONDIAN CHIMHANDAMBA	CEO	ARKEBIN CAPITAL

K. Operational ability

Are you able to maintain the operational ability to fulfil the responsibilities imposed on the licensee by the Act, including the management and oversight of representatives (where applicable) rendering financial services on behalf of the licensee?

YES ☑ NO ☐

L. Indicate whether the key individual will be rendering financial services as a representative?

YES ☑ NO ☐

If yes, FSP Form 5 must also be completed.

M. *A certified copy of the key individual's identification document* must accompany the application form.

I, SAMUEL. Z. MATIMBA (name of the sole proprietor / key individual) declare that the information provided in this form is correct.

Signature

12/08/2016
Date

N. Indemnity form

I, SAMUEL Z. MATIMBA (full name of sole proprietor / key individual)

Identity / passport number CN096971 hereby authorise the Financial Services Board, and its duly authorised verification agent, to request or confirm any personal information as well as any other information that I have provided in support of my application to any personal data holders (including but not limited to the South African Police Service, the Government of the RSA, industry bodies and associations, employers and any educational, training, credit bureau and fraud prevention organisations) for the purpose of verifying my personal credentials and records.

Credential verification types include, but are not limited to, educational qualifications, professional membership, employment history, employment references including industry employment registers, consumer credit, criminal records, driver's licence, and fraud prevention checks.

I authorise the personal data holders (including but not limited to the aforesaid institutions) to furnish information regarding my credentials, whether claimed or not, to the Financial Services Board and it's duly authorised verification agent. I unconditionally indemnify the Financial Services Board, its verification agent and the personal data holders against any liability that may result from furnishing information in this regard.

Signature

12/08/2014
Date

COMMISSION INTO STATE CAPTURE

Andrea Coetzer

From: Sam Matimba <samuel@davidworthinc.com>
Sent: Wednesday, August 17, 2016 10:26 AM
To: Sidwell Francis
Subject: BNP Capital FSP 43315 Key Individual

Dear Sidwell,

Please kindly note that I have requested that Mr Mahlangu of BnP Capital immediately withdraw my name as an applicant for the KI position for any of his entity(ies) including for FSP 43315.

After having sought due advice I am not in a position to assist him at this stage. Please kindly and immediately effect the same removal of my name your end.

Many thanks.

Samuel. Matimba.

--
Kind Regards

Samuel Matimba
The Davidworth Group
+27 72 314 3882, +27 11 678 1071
Northcliff, JHB, S.A.

This inbound email has been scanned by the IS Mail Control service.
For more information please visit http://www.is.co.za

COMMISSION OF INQUIRY
INTO STATE CAPTURE

Andrea Coetzer

From:	Shadrack Rikhotso <shadrackr@nyamatsi.co.za>
Sent:	Thursday, September 1, 2016 1:13 PM
To:	FAISPFC
Cc:	Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject:	APPROVAL OF A KI
Attachments:	Letter - FSB' (2).pdf; POP OF APPROVAL FEE FOR KI.pdf; Application 4 Nikki.pdf; Application 5 Nikki (3).pdf; FSP Business Plan.pdf; Qualifications.pdf

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso | Managing Executive | Nyamatsi Compliance Link

Unit 42 Rockyview Estate | Windsurf Street | Weltevreden Park | 1709

Tel: 083 264 4379 | 083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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IR

BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board
Riverwalk Office Park
Block, 41 Matroosberg
Ashlea Gardens
Pretoria

Dear Sir/Madam,

Notice to Down Grade from CAT II to CAT I: BNP Capital (FSP number: 43315 ("The Licensee")

1. BnP would like to notify the FSB about its intention to down grade its current licence from Category II to Category I due to non availability of a key individual that meets the fit and proper requirements as per FAIS Act requirements.
2. BnP current does not have any assets under management.
3. BnP would operate under Sub categories 1.17 and 1.18, that is, Long-Term deposit and Short- Term deposit respectively.
4. BnP intends to upgrade back to its original categories once its Key Individual has fulfilled all the requirements of fit and proper as the per the FAIS Act. That's once its Key Individual has written all the Res exams.
5. The company's intends to upgrade back to CAT II licence status for the following reasons below:
    - It forms part its new business strategy going forward which talks to its sustainability;
    - It was difficult at the beginning for the company to raise funding from Limited Partners but has seen keen interest in the recent past given its experience in the Capital Debt Market, Capital Raising, Corporate Finance and Mergers and Acquisitions;
    - It has received numerous offers from investors to either co-manage a private equity fund or come in as Limited Partners in the fund;

Director: D Mahlangu

- The company intends on setting up a student accommodation and work activate funds given its shareholding in the biggest student accommodation company in the country and its current work with the department of Labour;
- Lastly, the company has been involved in the Debt Capital Markets with likes of RMB and Citi bank, CAT II licence is a prerequisite for such. It is the plan of the company to grow in this area.

Yours Sincerely,

Director

Daniel Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

Absa Online: Notice of Payment

27 August 2016

Dear NYAMATSI COMPLIANCE LINK CC

Subject: Notice Of Payment: FSB

Please be advised that you made a payment to FSB as indicated below.

Transaction number:	800F48A190-138
Payment date:	2016-08-27
Payment made from:	CHEQUE ACCOUNT
Payment made to:	FSB
Beneficiary bank name:	FSB
Beneficiary account number:	4928
Bank branch code:	0041884
For the amount of:	1,251.00
Immediate interbank payment :	N
Reference on beneficiary statement:	BNP Capital
Additional comments by payer:	-

If you need more information or assistance, please call us on 08600 08600 or +27 11 501 5110 (International calls).

If you have made an incorrect internet banking payment, please send an email to digital@absa.co.za

Yours sincerely

General Manager: Digital Channels

This document is intended for use by the addressee and is privileged and confidential. If the transmission has been misdirected to you, please contact us immediately. Thank you.

Member of Barclays
BARCLAYS

Absa Bank Limited Reg No 1986/004794/06 Authorised Financial Services and Registered Credit Provider Reg No NCRCP7 Company Information: www.absa.co.za
Absa Bank Bepeik Reg No 1986/004794/06 Gemagtigde Finansiëledienste- en Geregistreerde Kredietverskaffer Reg No NCRCP7 Maatskappy-inligting: www.absa.co.za

I.P

REPRESENTATIVES

FSB

FSP Name BNP CAPITAL (PTY) LTD

FSP No 43315

Name of Person NIKASHNI GAJOO

Identity / Passport/ Registration Number 770919 0005 081

A. Type of person:

*Natural Person ☒

To distinguish natural persons from legal persons, humans are referred to as being natural persons.

*Legal Person ☐

A legal person is recognised as a separate legal entity apart from its members and natural persons, which form part of it. The legal person can act through its members only, the result of such action being that only the legal person acquires rights and incurs duties and not its members in their personal capacity e.g. company, close corporation, trust, etc.

A legal person's employees (including persons appointed as key individuals) that render financial services must be appointed as representatives of the FSP.

B. Information required from a natural person

Title MISS

Initials N

First Name NIKASHNI

Surname GAJOO

Date of birth 1977/09/19

C. Information required from a legal person

1. Name

2. Country of Registration

3. Details of Legal Person's key individual

Title

Initials

First Name

Surname

ID/Passport Number

Date of birth

Date of appointment

I.P

D. Information required from both natural and legal persons

Physical Address	UNIT28 RIVERVIEW 30 ELIZABETH AVENUE RIVONIA
Postal Code	2128
Date of appointment	01/09/2016

E. Subcategories appointed to render financial services
Indicate in Column C whether the representative renders financial services under supervision.

	Category and subcategory	A. Advice	B. Intermediary Services	C. Services under Supervision
1	**CATEGORY I**	☐	☐	☐
1.1	Long-term Insurance: subcategory A	☐	☐	☐
1.2	Short-term Insurance Personal Lines	☐	☐	☐
1.3	Long-term Insurance subcategory B	☐	☐	☐
1.4	Long-term Insurance subcategory C	☐	☐	☐
1.5	Retail Pension Benefits	☐	☐	☐
1.6	Short-term Insurance Commercial Lines	☐	☐	☐
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐	☐	☐
1.8	Securities and Instruments: Shares	☐	☐	☐
1.9	Securities and Instruments: Money market instruments	☐	☐	☐
1.10	Securities and Instruments: Debentures and securitised debt	☐	☐	☐
1.11	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, .1.9 and 1.10 above.	☐	☐	☐
1.12	Securities and Instruments: Bonds	☐	☐	☐
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐	☐	☐
1.14	Participatory Interests in Collective Investment Schemes	☐	☐	☐
1.15	Forex Investment Business	☐	☐	☐
1.16	Health Service Benefits	☐	☐	☐
1.17	Long-term Deposit	☒	☒	☐
1.18	Short-term Deposits	☒	☒	☐
1.19	Friendly Society Benefits	☐	☐	☐

If you have selected sub-category 1.16, Health Service Benefits, provide the Legal Person's and natural person's accreditation number allocated to the applicant by the Council for Medical Schemes in the block below.

FP

2	CATEGORY II – DISCRETIONARY FSP	Discretionary	Services under supervision
2.1	Long-term Insurance subcategory B	☐	☐
2.2	Long-term Insurance subcategory C	☐	☐
2.3	Retail Pension Benefits	☐	☐
2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	☐
2.5	Securities and Instruments: Shares	☐	☐
2.6	Securities and Instruments: Money market instruments	☐	☐
2.7	Securities and Instruments: Debentures and securitised debt	☐	☐
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 2.5, 2.6 and 2.7 above.	☐	☐
2.9	Securities and Instruments: Bonds	☐	☐
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	☐
2.11	Participatory Interests in Collective Investment Schemes	☐	☐
2.12	Forex Investment Business	☐	☐
2.13	Long-term deposits	☐	☐
2.14	Short-term deposits	☐	☐
2A	CATEGORY IIA – HEDGE FUND FSP	☐	☐

		Discretionary	Services under supervision
2A	CATEGORY IIA – HEDGE FUND FSP	☐	☐

3	CATEGORY III – ADMINISTRATIVE FSP	Administrative	Services under supervision
3.1	Long-term Insurance subcategory B	☐	☐
3.2	Long-term Insurance subcategory C	☐	☐
3.3	Retail Pension Benefits	☐	☐
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	☐
3.5	Securities and Instruments: Shares	☐	☐
3.6	Securities and Instruments: Money market instruments	☐	☐
3.7	Securities and Instruments: Debentures and securitised debt	☐	☐
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 3.5, 3.6 and 3.7 above	☐	☐
3.9	Securities and Instruments: Bonds	☐	☐
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	☐
3.11	Participatory Interests in Collective Investment Schemes	☐	☐
3.12	Forex Investment Business	☐	☐
3.13	Long-term Deposits	☐	☐
3.14	Short-term Deposits	☐	☐

		Assistance Business	Services under supervision
4	CATEGORY IV – ASSISTANCE BUSINESS FSP	☐	☐

FSB

F. Highest relevant Qualification

Institution that issued the qualification	Qualification code	Qualification	Year obtained
UFS		CFP	2004

G. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE 1		
RE 2		

COMMISSION OF INQUIRY INTO STATE CAPTURE

FP

KEY INDIVIDUALS / SOLE PROPRIETOR

Instructions:
This form must be completed by an applicant that is a sole proprietor and any key individual of an applicant. A sole proprietor means a FSP that is a natural person.

The expression "key individual" is defined in section 1(1) of the Act as follows:

"Key individual", in relation to an authorised financial services provider, or a representative, carrying on business as –

a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or

b) a corporate body or trust consisting of only one natural person as a member, director, shareholder or trustee, means any such natural person;..."

If an applicant intends to render various financial services, the key individual (see also guidance note for further explanation) or individuals responsible for managing or overseeing the various financial services must be listed.

The key individual is responsible for managing or overseeing the activities of the FSP and such individual must comply with the requirements in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (BN 106/2008).

GUIDANCE NOTE:
Sub-paragraph (b) of the definition requires little or no explanation, in that it deals with entities (persons), which are managed, owned or governed by one natural person only. In this scenario it is clear that this natural person is the key individual as defined.

Sub-paragraph (a) of the definition will be broken down into the two functions mentioned in this sub-paragraph, that is the function of managing and the function of overseeing.

Reference is made to the Concise Oxford Dictionary for definitions of the terminology. Managing is defined as *"having executive control or authority (Managing Director."*. Overseeing or oversee is defined as *"officially supervise (workers, work, etc.)"*.

It is therefore clear from these definitions that a key individual mentioned in sub-paragraph (a) would include persons in executive control such as directors and other persons performing a managerial function over activities relating to the rendering of a financial service.

In a life insurance company, for example, key individuals may therefore include, directors, provincial managers, and depending on the structure of a particular entity, any other individual whom in the opinion of the controlling body is also engaged in overseeing the activities of a representative, in rendering a financial service regulated by the Act. However, it is not the intention to include every person in a supervisory capacity, or indeed, every director.

Explanatory notes :*(The number next to the note refers to the relevant fields that must be completed.)*

A separate Form FSP 4 must be completed for each Key Individual.

A. Provide the initials and surname of the sole proprietor or key individual.

B. Provide the sole proprietor's and key individual's details.

C. Provide the relevant contact details of the sole proprietor and the key individual's.

D. Give a description of what best describes the key individual's role in the organisation.

E. All of the questions numbered 1 to 6 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form – FSP 14A* what documentation is attached.

F. All questions numbered 1 to 11 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form - FSP 14A* what documentation is attached.

G. Sole proprietors and key individuals must comply with the qualification requirements set out in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (BN 106/2008). In terms of the aforementioned Determination qualifications must be recognised by the Registrar and must be listed on the List of Recognised Qualifications. Please refer to the List of Recognised Qualifications to determine whether the qualifications listed under section G.1. are recognised. If the qualifications are not recognised you must, prior to submitting this application, apply in the prescribed form and manner to the Registrar for recognition of the qualifications.

If the qualifications are recognised, indicate under 'Qualification Code' in column two of the Table under section G.1. the qualification ID number as reflected on the List of Recognised Qualifications.

Attach certified copies of the qualifications and indicate on *Form FSP 14A* what documentation is attached.

H. List the relevant experience that the person has gained within the last 5 years. Full details of the person's responsibilities must be provided to illustrate that the person's experience is relevant to the category of financial services and subcategory of financial products being offered / rendered.

I. Indicate under section I.1. the sole proprietor's and key individual's experience in the management or oversight of the activities of a business or part thereof. Indicate under section I.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

J. Indicate under question J.1. the sole proprietor's and key individual's experience for the categories of financial services and the subcategories of financial products in respect of which the sole proprietor will be rendering financial services and the key individual will be managing or overseeing.

Indicate under section J.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

K. The key individual and sole proprietor must have the operational ability to fulfill the responsibilities imposed on the licensee and its key individuals by the Act.

L. Indicate whether the key individual will be rendering financial services as a representative?

M. A certified copy of the key individual's and sole proprietor's identification document (e.g. identity document for SA Citizens and passports for non-SA Citizens) must accompany the application.

N. Where the key individual (refer to note below) will also be rendering financial services as a representative (s)he must complete FSP Form 5.

O. An indemnity form must be completed by the sole proprietor and all key individuals.

COMMISSION OF INQUIRY INTO STATE CAPTURE

AP

KEY INDIVIDUALS / SOLE PROPRIETOR

FSP Name	BNP CAPITAL
FSP No	43315

A. Full Names of Key Individual/ Sole Proprietor: NIKASHNI GAJOO

Indicate type of identification:

Identity Number:	770919 0005 081
Passport Number:	
Other:	
If Other, please specify:	

B. Details of Key Individual/ Sole Proprietor

Title	MISS
Initials	N
First Name	NIKASHNI
Surname	GAJOO
Date of Birth	1977/09/19
Date of appointment to current position	01/09/2016

C. Contact details:

Physical Address	UNIT 28 RIVERVIEW 30 ELIZABETH AVENUE RIVONIA
Postal Code	2128
Postal Address	P O BOX 4970 RIVONIA
Postal Code	2128
Telephone Number	011 529 2054
Fax Number (if applicable)	086 586 9320
Mobile Phone Number	082 940 4674
E-mail Address	Nikki.gajoo@webmail.co.za

IP

(if applicable)

D. Role of Key individual in the organisation:

Company director	☐
Member of a close corporation	☐
Trustee of a trust	☐
Partner in a partnership	☐
Manager	☐
Secretary General	☐
Other	☒

(If "other", provide a short description of the key individual's role)

Key Individual

COMMISSION OF INQUIRY INTO STATE CAPTURE

FP

E. Fit and Proper Requirements –honesty and integrity questions

*If the answer to any of the questions is **YES**, provide full details in a separate document signed by the key individual and attach to the application form.*

	Questions	Yes	No
1	Has an adverse finding been made against you within a period of five years preceding the date of application in any civil or criminal proceedings by a court of law (whether in the Republic of South Africa or elsewhere) in which you were found to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty?	☐	☒
2	Have you within a period of five years preceding the date of application been found guilty by any professional or financial services industry body (whether in the Republic or elsewhere), of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
3	Have you within a period of five years preceding the date of application been denied membership of any body referred to in paragraph 2 on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
4	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere) of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
5.	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere), recognised by the Board, or has an authorisation to carry on business has been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
6.	Have you at any time prior to the date of application been disqualified or prohibited by any court of law (whether in the Republic or elsewhere) from taking part in the management of any company or other statutorily created, recognised or regulated body, irrespective whether such disqualification has since been lifted or not?	☐	☒

F. Section 8(2)(a) of the Act – Additional Information

*If the answer to any of the questions is **YES**, provide full details in a separate document signed by the key individual and attach to the application form.*

	Questions	Yes	No
1	Have you been refused the right to carry on or restricted from carrying on a trade, business or profession for which a specific license, registration or other authority is required by law in any country?	☐	☒
2	Have you been issued with a prohibition order under any Act administered by the Financial Services Board or been prohibited by other regulatory bodies from operating in the financial services industry?	☐	☒
3	Have you been involved with a corporation, which has been censured, disciplined, suspended or refused membership or registration by a stock exchange, futures exchange, other market or regulatory authority?	☐	☒
4	Have you had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil proceedings, in South Africa or elsewhere or are there any proceedings now pending which may lead to such a judgment?	☐	☒
5	Have you knowingly or negligently aided or abetted other persons in the breaching of any laws, regulations, exchange rules and/or codes of conduct?	☐	☒
6	Have you been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in the Republic or elsewhere) or exchange, professional body or government body or agency?	☐	☒
7	Has your estate ever been sequestrated?	☐	☒
8	Have you ever been a controlling shareholder, director of a company or member of a close corporation at the time it was placed under judicial management or in provisional or final liquidation?	☐	☒
9	Have you ever been refused a licence or registration in any place under any law, which requires licensing or registration in relation to securities, futures, leveraged foreign exchange or insurance activities?	☐	☒
10	Have you ever been refused authorisation to carry on business by any regulatory body (whether in the Republic or elsewhere), recognised by the Financial Services Board or has such authorisation ever been suspended or revoked by any such body, because of negligence, incompetence or mismanagement?	☐	☒
11	Do you have any additional information, which should be brought to the Registrar's attention, which may have an impact on the evaluation, by the Registrar of your good character and integrity?	☐	☒

JD

G.1. Qualifications

Please note that only qualifications listed on the List of Recognised Qualifications will be considered.

Institution that issued the qualification	Qualification code	Qualification	Year obtained
UNIVERSITY OF FREE STATE		CFP	2004

G.2. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE 1		
RE 5		

H. Employment history

Provide a detailed CV of the experience of the sole proprietor or key individual. The CV must include sufficient detail to enable the Registrar to ascertain that the person comply with the required experience requirements.

Dates of Employment (dd/mm/yyyy - dd/mm/yyyy)	Employer	Position held	Details of responsibilities Provide detailed information on responsibilities
1/07/2008 -	ABSA	FINANCIAL ADVISOR	PROVISION OF FINANCIAL SERVICES AND MANAGEMENT

IP

I. Evidence of experience obtained in the management or oversight of the activities of a business.

I.1. Indicate the type and months of experience obtained.

Management / Oversight	Months experience
MANAGING OWN PORTFOLIO OF CLIENTS	+36

I.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience (s)he had obtained with specific reference to the management or oversight of a business or part thereof.

Names of persons providing reference	Company employed
SELF EMPLOYED	OPULENTUS WELATH MANAGEMENT

J. Evidence of experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

Note:

(i) A sole proprietor must demonstrate that (s)he has the relevant qualifications and experience relating to the category of financial services and subcategory of financial products in respect of which authorisation is sought.

(ii) An FSP must at all times ensure that at least one or more of the key individuals meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP who is a sole proprietor in respect of any one or more categories of financial services and subcategories of financial products in respect of which authorisation is sought.

J.1. Indicate experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

			A. Months experience advice		B. Months experience intermediary service
1	CATEGORY I				
1.1	Long-term Insurance subcategory A	☐		☐	
1.2	Short-term Insurance Personal Lines	☐		☐	
1.3	Long-term Insurance subcategory B	☐		☐	
1.4	Long-term Insurance subcategory C	☐		☐	
1.5	Retail Pension Benefits	☐		☐	
1.6	Short-term Insurance Commercial Lines	☐		☐	
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐		☐	
1.8	Securities and Instruments: Shares	☐		☐	
1.9	Securities and Instruments: Money market instruments	☐		☐	
1.10	Securities and Instruments: Debentures and securitised debt	☐		☐	
1.11	Securities and Instruments: Warrants,	☐		☐	

IP

			Development Finance	Before joining BnP Capital he work at the Networx Investments, as an analyst . Networx is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.

TP

COMMISSION OF INQUIRY INTO STATE CAPTURE

SECTION 4: REVISED OPERATIONAL STRATEGY

3.1 Proposed Downgrade

BnP Capital currently holds a Category II license and has held it since 2010. BnP management due to communication with the Financial Services Board has decided to downgrade to a Category I.

3.2 Sub-Category Revised Focus Areas

1.17 Long Term Deposits defined in the Banks Act - exceeding 12 months

1.18 Short Term Deposits defined in the Banks act - 12 months or less

3.3 Operations

The single objective is to position BnP Capital as a well-respected financial services and investment company serving two distinct market segments. The operational strategy will seek to first create customer awareness regarding the services offered, develop the customer base, and work toward building customer loyalty and referrals.

The message that BnP Capital seeks to communicate is that it offers a comprehensive financial and investment advisory service. This message will be communicated through several different methods. The first method is communication will be strategic networking. The networking will be a concerted, steady effort to leverage the personal and professional relationships that management has developed over the years. The second method will be with the use of advertisements.

Key Areas Areas:

- Financial Reporting
- Policies and Procedures
- Record Keeping
- Internal Controls
- Compliance
- Marketing and Products
- Human Resources
- IT Systems

3.4 Required Appointments

Deposit Operations Associate

The Deposit Ops Specialist role provides oversight and monitoring of the workflow of a group. This role performs advanced clerical operations tasks that are routine and/or

repetitive in nature in a fast paced environment. The position requires the application of various complex methods, procedures and knowledge of the business unit's product(s) and application(s). Provides a wide range of support to Deposit Operations Department. In particular, this position is responsible for monitoring and processing all items related to the Deposit Operations of BnP Capital.

COMMISSION OF INQUIRY INTO STATE CAPTURE

SECTION 5: MARKETING STRATEGY

4.1 Relationship Management

BnP seek to continue nurturing relationships with existing clients as it is to acquire new clients. In fact, it generally costs much more to acquire a new customer than it does to retain an existing client.

4.2 Positioning

BnP Capital competitive advantage is its comprehensive approach to research and services provided. BnP Capital will develop more value for her customers by investing time up front while researching different options for the client. BnP seeks to invest the time upfront in support of the clients by developing long-lasting relationships.

4.3 Marketing Mix

BnP Capital's marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

Pricing: The pricing scheme will be at a middle of the road price point.
Distribution: The offered services will be distributed from BnP Capital's office space.
Advertising and Promotion: Targeted networking, and advertising will be the methods used.
Customer Service: A customer-centric focus has been integrated into the culture of the organization. This will ensure that customer's expectations are exceeded.

COMMISSION OF INQUIRY INTO STATE CAPTURE

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SIGNATURE/HANDTEKENING / DATE/DATUM

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 631-6460 FAX: (011) 631-6471

Gajoo Gajoo Gajoo

IP

South African Certification Council

Suid-Afrikaanse Sertifiseringsraad

SENIOR CERTIFICATE
SENIOR SERTIFIKAAT

Awarded to/Toegeken aan

NIRASHNI GAJOO

Date of Birth 1977-09-19 *Geboortedatum*

Subjects passed/Vakke geslaag

English : First Language / Engels : Eerste Taal	HG	C	60%-69%
Afrikaans : Second Language / Tweede Taal	HG	D	50%-59%
Mathematics / Wiskunde	HG	E	40%-49%
Biology / Biologie	HG	E	40%-49%
Physical Science / Natuur- en Skeikunde	HG	E	40%-49%
History / Geskiedenis	HG	E	40%-49%
Aggregate / Groottotaal		M	950-1199

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SIGNATURE/HANDTEKENING DATE/DATUM 9/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

ENDORSEMENT
This candidate has complied with the minimum statutory matriculation requirements for admission to bachelor's degree study at a university in the Republic of South Africa.

ENDOSSEMENT
Hierdie kandidaat voldoen aan die minimum statutêre matrikulasie vereistes vir toelating tot baccalaureusgraadstudie aan 'n universiteit in die Republiek van Suid-Afrika.

With effect from DECEMBER/DESEMBER 1995 Met ingang van

Executive Officer F. Saliti Uitvoerende Beampte

This certificate is issued without alteration or erasure of any kind. Hierdie sertifikaat word uitgereik sonder verandering of uitwissing van enige aard.

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UNIVERSITY
OF
JOHANNESBURG

The Council and the Senate of the
UNIVERSITY OF JOHANNESBURG
hereby certify that the

EXTRACURRICULAR HIGHER DIPLOMA

with field of study

Tax Law
(NQF 7 - Duration: two years)
with all its associated rights and privileges
in accordance with the Statute of the University
has been awarded to

NIKASHNI GAJOO

at a congregation of the University

Dean: Law

Registrar

03 MARCH 2008
Johannesburg
ID 7709190005081

EK SERTIFISEER DAT HIERDIE DOKUMENT N WARE AFDRUK (AFSKRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
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IP

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GROUND FLOOR, CNR WILLEMUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 531-6400 FAX: (011) 531-6471

UNIVERSITEIT VAN DIE VRYSTAAT

UNIVERSITY OF THE FREE STATE

HIERMEE WORD VERKLAAR DAT DIE GRAAD THIS IS TO CERTIFY THAT THE DEGREE

Nagraadse Diploma in Finansiële Beplanning
Postgraduate Diploma in Financial Planning

TOEGEKEN IS AAN
HAS BEEN CONFERRED UPON

NIKASHNI GAJOO

NADAT AAN DIE STATUTE EN REGULASIES VAN DIE UNIVERSITEIT VOLDOEN IS, AS BEWYS DAARVAN PLAAS ONS ONS ONDERSKEIE HANDTEKENINGE EN DIE SEËL VAN DIE UNIVERSITEIT HIERONDER.

IN ACCORDANCE WITH THE STATUTES AND REGULATIONS OF THE UNIVERSITY, AS WITNESS OUR RESPECTIVE SIGNATURES AND THE SEAL OF THE UNIVERSITY BELOW.

VISEKANSELIER/VICE-CHANCELLOR

DEKAAN/DEAN

1904 - 2004

REGISTRATEUR/REGISTRAR

BLOEMFONTEIN
2004-05-31
2002138705

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9/10/2014
DATE/DATUM

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Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE (011) 831-6460 FAX: (011) 831-6471

fpi

The Financial Planning Institute of South Africa

Certifies that

Nikashni Gajoo

Membership Number: *200400089*

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AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
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GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENKOP, 1709
TEL OFFICE: (011) 551-8400

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UNIVERSITY OF THE WITWATERSRAND
JOHANNESBURG

FACULTY OF COMMERCE, LAW & MANAGEMENT

GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

MANAGEMENT ADVANCEMENT PROGRAMME

This is to certify that

Nikashni Gajoo

attended and participated in the above Programme held during the period

14 April 2004 – 08 November 2004

and has achieved a satisfactory level of competence.
(details overleaf)

Director:

Dean: W. Duncan Reid

Date: 29 November 2004

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SIGNATURE/HANDTEKENING DATE/DATUM 9/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT - JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 6
GROUND FLOOR, CNR MILLENIUM BOULEVARD & CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

University of Natal

We, the Vice-Chancellor, the Registrar,
and the Dean of the Faculty,
hereby certify
that

Nirashni Gajoo

has this day been admitted to
the degree of

Bachelor of Arts

Vice-Chancellor

Registrar

Dean

14 April 1999

IP

COMMISSION OF INQUIRY STATE CAPTURE

EK SERTIFISEER DAT HIERDIE DOKUMENT N WARE AFDRUK (AFSKRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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Sonja Sleyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD & CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

University of Natal

We, the Vice-Chancellor, the Registrar,
and the Dean of the Faculty,
hereby certify
that

Nirashni Gajoo

having satisfied all the requirements of the Senate
is hereby awarded the

Postgraduate Diploma in Finance, Banking and Investment Management

Vice-Chancellor

Registrar

Dean

5 April 2001

UV PROTECTED – TAMPER EVIDENT UV

COMMISSION INQUIRY TO STATE CAPTURE

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SIGNATURE/HANDTEKENING DATE/DATUM 9/10/2012

Ex Officio Commissioner of Oaths
Area Manager
Private Wealth Management - Johannesburg
Clearwater Office Park, Building 6
Ground Floor, CNR Millenium Boulevard &
Christiaan De Wet, Strubensvalley 1709
Tel Office: (011) 831-6460 Fax: (011) 831-6471

UNIVERSITY OF JOHANNESBURG

The Council and the Senate of the
UNIVERSITY OF JOHANNESBURG
hereby certify that the

EXTRACURRICULAR HIGHER DIPLOMA - LAW

with field of study

International Taxation

(NQF 7) (Duration: one year course)

with all its associated rights and privileges
in accordance with the Statute of the University
has been awarded to

NIKASHNI GAJOO

TH O'Brien

Executive Dean: Law

Registrar

01 MARCH 2009
Johannesburg
ID 7709190005081

159496

0082-0996-0001-0161

FSB

MOONSTONE

Uncompromised
Independent

Regulatory Examination Certificate

152425

THIS SERVES TO CERTIFY THAT

Nikashni

Gajoo

has successfully completed the

First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

examination at

Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 04/08/2014

on

04/08/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 9
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-5460 FAX: (011) 831-8471

IP

FSB

MOONSTONE

Uncompromised
Independent

Regulatory Examination

Certificate

10762

THIS SERVES TO CERTIFY THAT

Nikashni

Gajoo

7709190005081

has successfully completed the

First Level Regulatory Examination: Representatives

examination at

Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221

on

22/06/2011

EK SERTIFISEER DAT HIERDIE DOKUMENT 'N WARE REPRODUKSIE (AFSKRIF) VAN DIE ORIGINELE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE 'N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 13/07/2011

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

IP

J

Andrea Coetzer

From:	Sidwell Francis
Sent:	Wednesday, September 7, 2016 12:20 PM
To:	daniel@bnpcapital.co.za; 'Nikki'
Cc:	Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject:	FW: APPROVAL OF A KI
Attachments:	Letter - FSB' (2).pdf; POP OF APPROVAL FEE FOR KI.pdf; Application 4 Nikki.pdf; Application 5 Nikki (3).pdf; FSP Business Plan.pdf; Qualifications.pdf

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

According to our knowledge, you requested a downgrade subsequent to your nominated key individual (Ms Nikashni Gajoo) not meeting the fit and proper requirements in respect of a category II licence. You have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and "investments"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for;
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and;
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
- What role will BnP Capital play after giving advice to its clients?
- Clarify your interpretation of "stated revised business focus".
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016.**

Kind regards,

Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sickwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

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From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Tuesday, September 13, 2016 4:51 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI
Attachments: FSP Business Plan.docx

Dear Sidwell,
Please find attached revised business plan as per your request below.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 13 September 2016 12:22 PM
To: Daniel Mahlangu
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

We acknowledge receipt of your email and shall await information as communicated below.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

BEFORE PRINTING THIS E-MAIL
[illegible]

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

0082-0996-0001-0168

Regards

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

According to our knowledge, you requested a downgrade subsequent to your nominated key individual (Ms Nikashni Gajoo) not meeting the fit and proper requirements in respect of a category II licence. You have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade.

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- The cover page of your business plan indicates that BnP Capital is an *advisory and "investments"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for;
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and;
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
- What role will BnP Capital play after giving advice to its clients?
- Clarify your interpretation of "stated revised business focus".
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016.**

Kind regards,

IP

<image005.jpg>
Specialist Analyst | FAIS Supervision
Financial Services Board
E-mail: shadrackr@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image004.gif>

a positive attitude breeds excellence...

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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Email address: [redacted]
Office line: +27(0) 11 783 7156
Mobile number: + 27(0) 762 358 504

On 21 Sep 2016, at 3:25 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

The various emails hereunder have reference.

We have extended an invitation for a meeting to yourself and to date, we have not received a response. It would be in your best interest to avail yourself for this meeting in order to afford us an opportunity to engage you on your revised business plan in line with the downgrading of BnP Capital's FSP licence.

Kindly avail yourself for the aforesaid meeting at our offices **tomorrow, Thursday, 22 September 2016 at 11h00.** Should you fail to attend this meeting, we will proceed to refer the matter to our Compliance Department to proceed with the withdrawal of BnP Capital's licence.

Regards,

<image004.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image006.gif>

a positive attitude breeds excellence...

From: Sidwell Francis
Sent: 21 September 2016 11:26 AM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter has reference.

Please note that this Office has not yet received a response with regards to the meeting request. Kindly response urgently.

regards

<image005.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941

DP

Andrea Coetzer

From: Sidwell Francis
Sent: Friday, September 23, 2016 8:47 AM
To: 'Daniel Mahlangu'; 'thami@bnpcapital.co.za'
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau; Manasse Malimabe | FSB; Caroline Da Silva
Subject: RE: BnP Capital

Dear Daniel,

We refer to yesterday's meeting.

We confirm that you undertook to amend your business plan once again, in line with the sub-categories of products which you applied for. As agreed, kindly submit the revised business plan by no later than close of business on Monday, 26 September 2016.

We trust that your submission will be in order as this will be your third business plan that you will be submitting for us to review. This matter should come to a close.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
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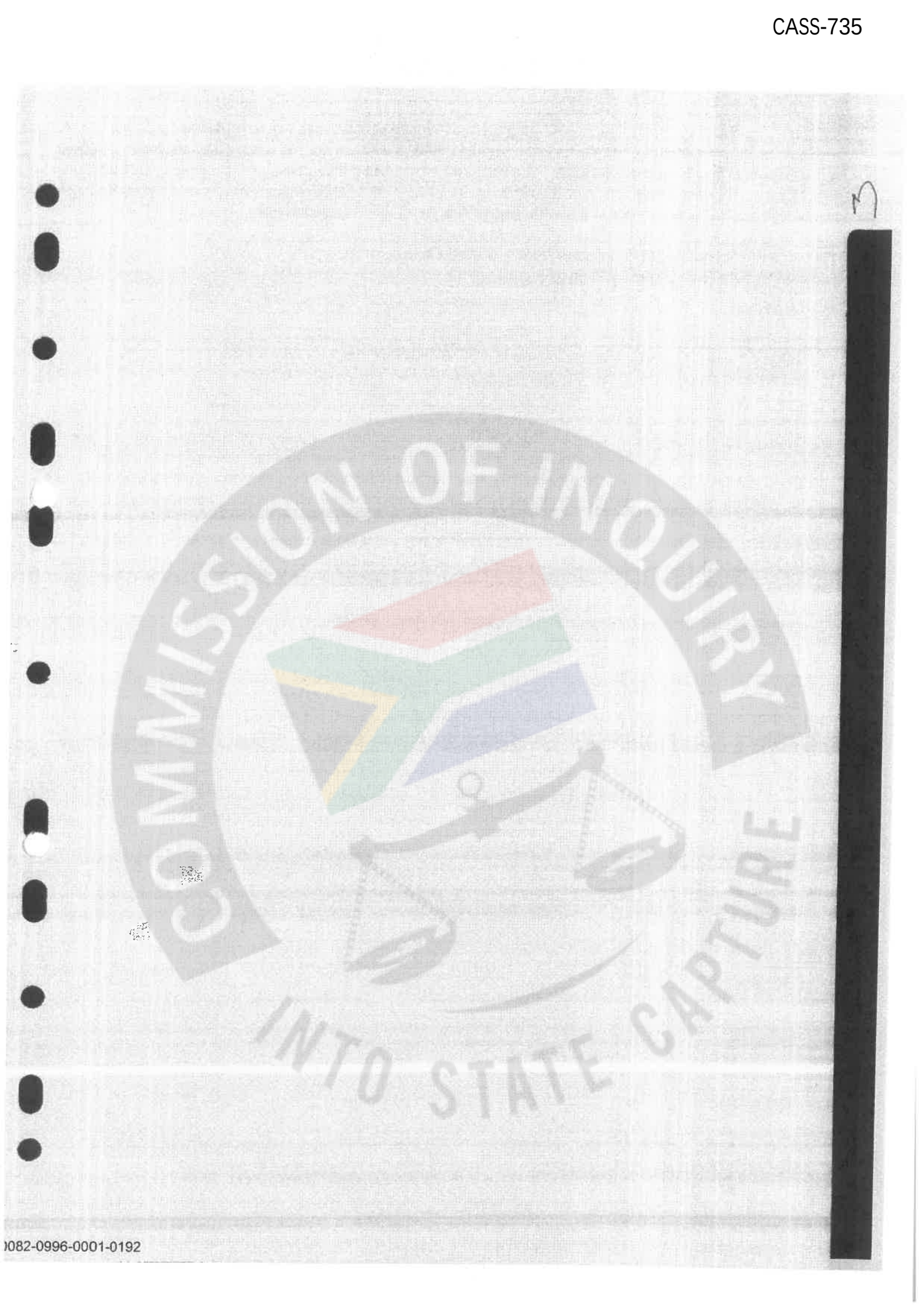
From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 21 September 2016 05:01 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau; Manasse Malimabe | FSB; Caroline Da Silva
Subject: Re: BnP Capital

Dear Sidwell,
I am sorry for the late reply. I was down with flu. I would like to confirm my attendance of the meeting tomorrow at 11am.

Regards
Daniel Mahlangu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<Letter - FSB' (2).pdf>
<POP OF APPROVAL FEE FOR KI.pdf>
<Application 4 Nikki.pdf>
<Application 5 Nikki (3).pdf>
<FSP Business Plan.pdf>
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Kind regards,

<image005.jpg>Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image004.gif>

a positive attitude breeds excellence..

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
  On behalf of deposit taking institutions ie Old Mutual and Sanlam

- What role will BnP Capital play after giving advice to its clients?
  Support the client after transaction on behalf of product supplier

- Clarify your interpretation of "stated revised business focus".

- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.
  The deposit operations associate will prepare and administrate client interaction with product supplier. Responsible for overseeing and implementing deposit procedures.

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

<image003.jpg>

IP

have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade. We note with concern that your revised business plan still states that the decision to downgrade your licence categories was as a result of your communication with this Office. Please refer to our previously communicated concern in this regard.

BnP Capital has decided to down grade its own licence due to the fact that it could not secure a Key Individual who is fit and proper for its CAT II licence. Kindly amend paragraph 3.1 of your attached business plan. We did sent a letter motivating for the downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and "investments"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for; We note that this has been removed (from the business plan).
  It was an error. We have proprietary investments housed in BnP Capital Investments Holdings Limited. The company also provides corporate finance and capital raising exercises which are incorrectly referred to as advisory. Is the entity mentioned here authorised to "house investments"? by which regulator? Furthermore, kindly assist with the organogram of the involved entities.
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and; we take note that this has been removed
  Please see the explanation above Is this investment arm housed at BNP Capital?
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence. As stated above, this has been partially addressed.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services? We still await a response to this question. – Addressed above where is this addressed?kindly specify
- What role will BnP Capital play after giving advice to its clients? We still await a response to this question. – Addressed above Where?
- Clarify your interpretation of "stated revised business focus". We note that this has been removed. **We meant BnP Capital will now focus its strategy to concentrate its financial services operations resources on entering or expanding in a narrow market or industry segment of short and long term deposits. Will BNP be taking deposits?**
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan. we take note of the functions as outlined in the revised business plan.

Please note that, we are reviewing your business plan and we require you to respond to the above highlighted/outstanding areas in order to allow this Office to offer a broad response thereto. Please do keep in sight the timeframes as highlighted above. Your urgent reply is therefore required

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

IP

0082-0996-0001-0188

Dear Daniel,

The below matter refers.

We acknowledge receipt of your submission and comment further as highlighted in green below. Please respond to the comments.

Further to the above, we have commented on the attached revised business plan. please respond to the comments.

Please note that, for purposes of expediting the process, you need to urgently respond as the due date for submission is still Friday, 16 September 2016.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

Regards

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Andrea Coetzer

From: Sidwell Francis
Sent: Friday, September 16, 2016 3:06 PM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter refers.

We have reviewed all the information you submitted, but we are still of the view that some issues still remain unresolved. In the interest of time, we wish to invite you for a meeting for us to engage you on those issues. Kindly indicate your availability for the meeting on Tuesday (20 September 2016) or Wednesday (21 September 2016).

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 15 September 2016 04:12 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Sidwell,
Please find attached a business plan incorporating responses to your questions.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 15 September 2016 02:16 PM
To: Daniel Mahlangu
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

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SECTION 5: MARKETING STRATEGY

4.1 Relationship Management

BnP seek to continue nurturing relationships with existing clients as it is to acquire new clients. In fact, it generally costs much more to acquire a new customer than it does to retain an existing client.

4.2 Positioning

BnP Capital competitive advantage is its comprehensive approach to research and services provided. BnP Capital will develop more value for her customers by investing time up front while researching different options for the client. BnP seeks to invest the time upfront in support of the clients by developing long-lasting relationships.

4.3 Marketing Mix

BnP Capital's marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

Pricing: The pricing scheme will be at a middle of the road price point.
Distribution: The offered services will be distributed from BnP Capital's office space.
Advertising and Promotion: Targeted networking, and advertising will be the methods used.
Customer Service: A customer-centric focus has been integrated into the culture of the organization. This will ensure that customer's expectations are exceeded.

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understand financial statements and be willing to implement new procedures to keep in line with budgeting and financial statements. They should be able to recognize problems immediately and make changes to maintain an efficient work environment, and some may be expected to work a varied and flexible schedule that matches the flow of business.

COMMISSION OF INQUIRY INTO STATE CAPTURE

balances cash recaps and perform overall cash reconcilement to general ledger on a daily basis. The department will processes incoming and outgoing transfers within compliance requirements, including all applicable rules and regulations. Maintain record-keeping and retrieve-ability requirements as requested.

Performs various other departmental duties such as: receipt, transmission and positive balance files, input verification, process optical storage system, verification of large dollar items, update and maintain the system, assist with inventory control, respond to research requests by retrieving records and re-producing them as needed, maintain departmental logs, assist with statement rendering or pick-up and delivery of departmental supplies, reports etc.

Demonstrate professionalism in appearance, punctuality, attitude, and grammar. Maintain a clean, organized work area.

Adhere to confidentiality policy, code of ethics and follow all policies and procedures relative to Consumer Compliance laws and regulations and best practice recommendations

3.4 Required Appointments

Deposit Operations Associate

Performs various administrative duties to ensure customer account information and management reports are accurate, and that proper controls are maintained. Provide efficient and effective assistance/support to bank customer base and banking center personnel.

The Deposit Ops Specialist role provides oversight and monitoring of the workflow of the company. The individual will perform advanced clerical operations tasks that are routine and/or repetitive in nature in a fast paced environment. In particular, this position is responsible for monitoring and processing all items related to the Deposit Operations of BnP Capital.

Deposit operations managers are responsible for overseeing and implementing deposit procedures. This position requires a strong background in banking and accounting and at least five years of experience in the field, and a bachelor's degree may also be a requirement. Deposit operations associatewill spend a great deal of time in the office and must be able to sit at a computer for long periods of time. Proficiency in Microsoft Office programs is necessary in this position, and they are also responsible for implementing depositing procedures in an ever-changing landscape.

This position requires experience in dealing with a wide range of personalities while leading everyone toward a common goal. They must also be able to review and

SECTION 4: REVISED OPERATIONAL STRATEGY

3.1 Proposed Downgrade

BnP Capital has held a Category II license and has held it since 2010. BnP management due to communication with the Financial Services Board has decided to downgrade to a Category I.

3.2 Sub-Category Revised Focus Areas

1.17 Long Term Deposits defined in the Deposit taking franchises Act - exceeding 12 months

1.18 Short Term Deposits defined in the Deposit taking franchises act - 12 months or less

3.3 Operations

The single objective is to position BnP Capitalas a well-respected financial services. The operational strategy will seek to first create customer awareness regarding the services offered, develop the customer base, and work toward building customer loyalty and referrals.

The message that BnP Capital seeks to communicate is that it offers a comprehensive financial and investment advisory service. This message will be communicated through several different methods. The first method is communication will be strategic networking. The networking will be a concerted, steady effort to leverage the personal and professional relationships that management has developed over the years. The second method will be with the use of advertisements.

BnP Capital will provide advisory services to individuals. BnP Capital offers a number of savings solutions in which clients can save and each one is structured to meet a selection of client needs.

The deposit operations department will prepare required corrections/adjustments ensuring proper customer and department notification. The department will maintain departmental logs.Process exception items, including cheques drawn against uncollected funds, make sound decisions for disbursement of items based on prescribed parameters. The Department will reviews daily return item cash letters ensuring return regulations are followed to prevent losses reports unsatisfactory accounts or practices of concern to management and regulators. The department will also Research and resolve deposit and general ledger application imbalances and errors, making necessary adjustments,

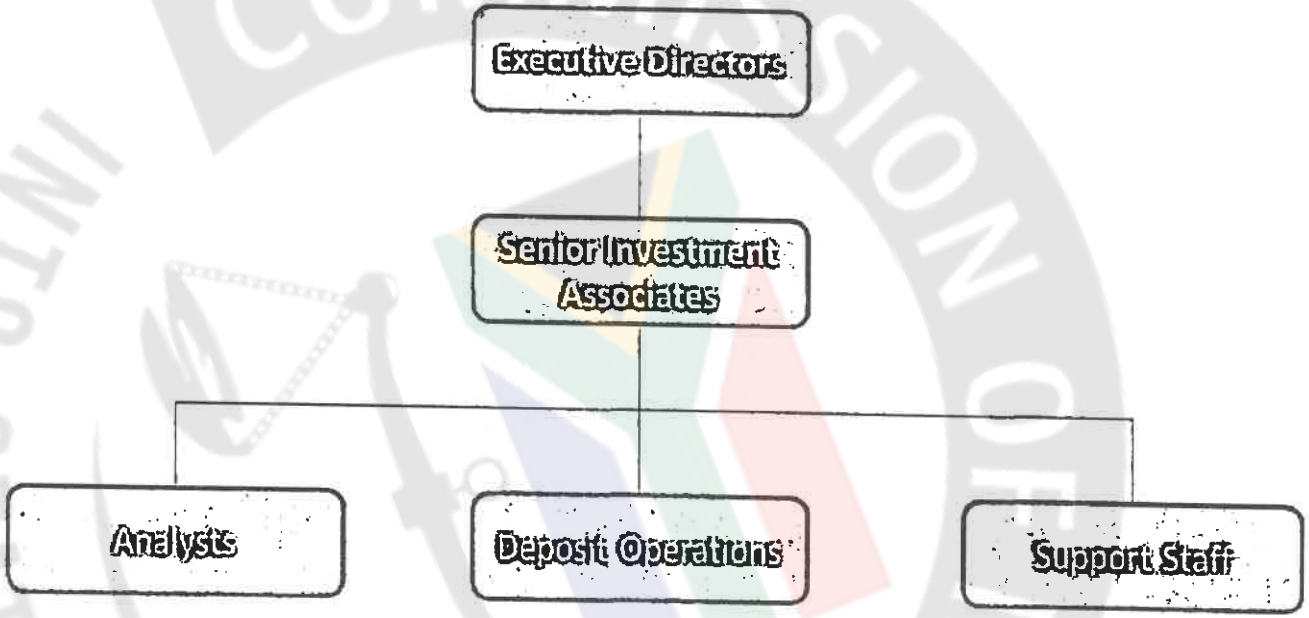
				revenue, assisting with required input into the City budgeting for Public Transport Infrastructure and System fund, acting as the financial advisors and financial technical support team in terms of negotiations with potentially affected operators and providing advice on the financial and economic costs of implementing these phases through project finance or PPP models.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Moyo BLACK MALE	Irvine	10 years	BCom (Hons) Economics	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction.He is currently aInvestment Associate of BnP Capital.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Netha BLACK MALE	Thamsanqa	9 years	BCom (Hons) Economics Masters in Development Finance	Thamsanqa has worked in the private equity and corporate and project finance over the last 8 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners. Before joining BnP Capital he work at the Networx Investments, as an analyst .Networx is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Ndlamla BLACK FEMALE	Sibulele	6 years	BCom (Hons) Accounting CA(SA)	Sibulele qualified as a chartered accountant after completing her articles at MTN. She them moved to RMB where she worked in the Global markets division. Her core competencies are in business risk management, corporate governance, procurement, financial management, management accounting and credit risk analysis.

COMPANIES AND INTELLECTUAL PROPERTY COMMISSION OF SOUTH AFRICA

Surname	Name	Years	Qualification	Abbreviated CV
Mahlangu BLACK MALE	Daniel	20 years	B.B Econ Science Honours Maths & maths of Finance Advanced Diploma in Company Law MBA (Dissertation)	Daniel has over a decade years' experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors. He is currently a Chief Executive Officer of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession. The summary of the transactions that he has been involved in is detailed below: o Roads Agency Limpopo PPP Feasibility Study (completed) o Bakwena Platinum Corridor Concession PPP (completed) o N3TC PPP (completed) o Masingita Properties PPP Feasibility (current) o King Edward Academic Hospital Feasibility (current) o Nelson Mandela Academic Hospital PPP Feasibility (current)
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Mathebula BLACK MALE	Vonani	14 years	BCom (Accounting), HDipACC Honours CA(SA)	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Deposit taking franchises, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects),Transnet, Vunani Limited and Sphere Holdings. Vonani has been part of the team responsible in the development of the financial model for Bus Rapid Transit for City of Johannesburg Phase 1B. Amongst other duties, he was responsible for the appraisal of the overall system costs, estimation of system

INTO STATE CAPTURE

SECTION 2: PERSONEL AND OPERATIONS



COMMISSION OF INQUIRY INTO STATE CAPTURE

While complying with the LCR has consumed a significant amount of management focus over the recent periods, the net stable funding ratio (NSFR), which was also introduced as part of the Basel III regulatory reform package, is expected to add tothe challenge associated with liquidity risk management for South African deposit taking institutions and, indeed, emerging market deposit taking franchises. The NSFR requires deposit taking franchises to ensure that longer dated assets are funded with longer-dated and more stable sources of funding – both of which are difficult to source to the extent required in emerging-market economies like South Africa. The relatively short-tenor funding structure of the South African economy, coupled with relatively longer-dated banking assets such as retail mortgages or corporate term loans, results in material contractual liquidity mismatches being prevalent in the local banking sector.

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Focus on how the rules pertaining to prudential regulation develop and becomeimplemented into national regulations will be maintained by all of the major deposit taking franchisesin the coming periods, particularly as the rules evolve and broaden in scope. New rules pertaining to capital for interest rate risk in the banking book (IRBB) have also been proposed for the first time. These rules are expected to fundamentally impact deposit-taking franchises of the deposit taking franchises at a time when building their corporate banking franchises and retaining their transactional banking franchises have been areas of particular focus for the major deposit taking franchises.

2.4 Capital and Funding

The deposit taking institutions both short and long-term have traditionally reported healthy loan-to-deposit ratios (calculated as total deposits divided by total banking book assets), a trend which continued in the current period on the back of resilient deposit book growth.

The combined loan-to-deposit ratio came in at 96.2% at 2H15, marginally lower than the 96.6% reported at 1H15, but notably higher than the 95.9% reported at 2H14. The sustained resiliency in the loan-to-deposit ratio reflects the deposit taking franchises' focused efforts to grow their deposit-taking franchises – still a highly competitive market – through product, channel and business model innovation.

Growth in the major deposit franchises total deposits remained commendable at compared to, but a very strong against previous years. In particular, some deposit franchises with stronger franchises in markets outside South Africa commented on the fact that healthy growth in retail deposits was assisted by the significant rand depreciation seen over the current reporting period.

Managing liquidity risk within risk appetite and tolerance levels continues to represent an important strategic task for management, as a result of the first prudential liquidity ratio – the liquidity coverage ratio (LCR), which came into effect on 1 January 2015 – now being embedded as a prudential requirement in South Africa.

The LCR is currently being phased in over the Basel III implementation timeline to reach 100% by 2019, with the requirement for 2015 set at 60%. All of the major deposit franchises highlighted their focus on accumulating surplus liquidity buffers and growing their stock of high-quality liquid assets (HQLA) in anticipation of the required LCR increases over the coming periods.

SECTION 2: MARKET ANALYSIS

2.1 Introduction

South Africa's financial services sector, backed by a sound regulatory and legal framework, is sophisticated, boasting dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

The money market is the global financial market for short-term borrowing and lending. It provides short term liquid funding for the global financial system. In the money markets, participants borrow and lend for short periods of time, typically up to 13 months. Money market trades in short term financial instrument commonly called "paper". This contrasts with the capital market for longer-term funding, which is supplied by bonds and equity.

Having started in South Africa in 1995, money market funds are a relatively new development. And already the sector has attracted R240 billion; this figure amounts to just under a quarter of the unit trust industry and is a similar ratio to that in Europe and the USA.

2.2 The dynamics of monetary policy on the Money Market

Higher money market interest rates pose a significantly higher threat to the South African short and long term deposits environment than during previous phases of restrictive monetary policy.

Although most financial and economic commentators expected the Monetary Policy Committee (MPC) of the South African Reserve Bank to raise the repurchase (repo) rate at the end of January 2016, more divergent views exist on the timing of stricter monetary policy.

2.3 Regulatory Effects

It is important to note that ongoing regulatory developments regarding liquidity risk will result in deposit taking franchises placing greater emphasis on the deposit-taking franchises of their balance sheets going forward. Asset and liability mix efforts continue to include favouring shorter term rather than longer-term assets such as retail mortgages, as the introduction of the Net Stable Funding Ratio (Basel III's longer-term prudential ratio for liquidity risk) will require access to stable sources of funding that are difficult to attract for an emerging market economy like South Africa.

SECTION 1: INTRODUCTION

1.1 Business Description

BnP Capital is an independent financial services company, which is 100% black owned and managed. The company was established by professionals with a track record in providing innovative financial and business solutions. The company also plans to start and grow its investment portfolio by identifying attractive investment opportunities through its advisory services.

1.2 Services

BnP Capital offers services which are built on a foundation of efficient and effective delivery of services and solutions. BnP Capital understands its clients' challenges and needs and offer value enhancing solutions. The company assists corporate clients and individual entrepreneurs to identify, analyse, structure, price, negotiate, market and effect transactions. Central to our business operations and critical to our existence are our abilities to put the client first in everything we do.

1.3 Sector Experience

BnP Capital is run by experienced and reputable senior management team with more than 100 years combined experience in financial services industry, especially in the areas of specialise in placing client's funds on the best terms possible with institutions that wish to borrow money for short periods. Executive directors prior joining BnP Capital have been involved in various blue chips and Public Private Partnerships transactions spurning from private equity to project finance.

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BnP CAPITAL

BUSINESS PLAN

Building 6, Tuscany Office Park,
5 Coombe Place,
Rivonia,
2121

Postnet Suite 436,
Private Bag x43,
Sunninghill,
2157

Telephone: +27 (0) 11 234 0625/0871
Fax : +27 (0) 86 588 9624
Email: daniel@bnpcapital.co.za
Website: www.bnpcapital.co.za

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<Application 5 Nikki (3).pdf>

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I. Evidence of experience obtained in the management or oversight of the activities of a business.

I.1. Indicate the type and months of experience obtained.

Management / Oversight	Months experience
MANAGING OWN PORTFOLIO OF CLIENTS	+36

I.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience (s)he had obtained with specific reference to the management or oversight of a business or part thereof.

Names of persons providing reference	Company employed
SELF EMPLOYED	OPULENTUS WELATH MANAGEMENT

J. Evidence of experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

Note:

(i) A sole proprietor must demonstrate that (s)he has the relevant qualifications and experience relating to the category of financial services and subcategory of financial products in respect of which authorisation is sought.

(ii) An FSP must at all times ensure that at least one or more of the key individuals meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP who is a sole proprietor in respect of any one or more categories of financial services and subcategories of financial products in respect of which authorisation is sought.

J.1. Indicate experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

			A. Months experience advice		B. Months experience intermediary service
1	CATEGORY I				
1.1	Long-term Insurance subcategory A	☐		☐	
1.2	Short-term Insurance Personal Lines	☐		☐	
1.3	Long-term Insurance subcategory B	☐		☐	
1.4	Long-term Insurance subcategory C	☐		☐	
1.5	Retail Pension Benefits	☐		☐	
1.6	Short-term Insurance Commercial Lines	☐		☐	
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐		☐	
1.8	Securities and Instruments: Shares	☐		☐	
1.9	Securities and Instruments: Money market instruments	☐		☐	
1.10	Securities and Instruments: Debentures and securitised debt	☐		☐	
1.11	Securities and Instruments: Warrants.	☐		☐	

			A. Months experience advice		B. Months experience Intermediary service
	certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, 1.9 and 1.10 above.				
1.12	Securities and Instruments: Bonds	☐		☐	
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐		☐	
1.14	Participatory interests in Collective Investment Schemes	☐		☐	
1.15	Forex Investment Business	☐		☐	
1.16	Health Service Benefits	☐		☐	
1.17	Long-term deposits	☒	+38	☒	+38
1.18	Short-term deposits	☒	+38	☒	+38
1.19	Friendly Society Benefits	☐		☐	
1.20	Long-term Insurance: Category B2	☐		☐	

			Months experience
2	CATEGORY II – DISCRETIONARY FSP		
2.1	Long-term Insurance subcategory B	☐	
2.2	Long-term Insurance subcategory C	☐	
2.3	Retail Pension Benefits	☐	
2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
2.5	Securities and Instruments: Shares	☐	
2.6	Securities and Instruments: Money market instruments	☐	
2.7	Securities and Instruments: Debentures and securitised debt	☐	
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 2.5, 2.6 and 2.7 above.	☐	
2.9	Securities and Instruments: Bonds	☐	
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
2.11	Participatory interests in Collective Investment Schemes	☐	
2.12	Forex Investment Business	☐	
2.13	Long-term deposits	☐	
2.14	Short-term deposits	☐	
2A	CATEGORY IIA – HEDGE FUND FSP	☐	

			Months Experience
2A	CATEGORY IIA – HEDGE FUND FSP	☐	

			Months Experience
3	CATEGORY III – ADMINISTRATIVE FSP		
3.1	Long-term Insurance subcategory B	☐	
3.2	Long-term Insurance subcategory C	☐	
3.3	Retail Pension Benefits	☐	
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
3.5	Securities and Instruments: Shares	☐	
3.6	Securities and Instruments: Money market instruments	☐	
3.7	Securities and Instruments: Debentures and securitised debt	☐	
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory	☐	

TP

	3.5, 3.6 and 3.7 above.		
3.9	Securities and Instruments: Bonds	☐	
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
3.11	Participatory interests in Collective Investment Schemes	☐	
3.12	Forex Investment Business	☐	
3.13	Long-term deposits	☐	
3.14	Short-term deposits	☐	

			Months Experience
4	CATEGORY IV – ASSITANCE BUSINES FSP	☐	

J.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience he/she had obtained with specific reference to the category of financial services and subcategory of financial products in respect of which authorisation are sought.

Names of persons providing reference	Designation	Company employed
SELF EMPLOYED	EXECUTIVE MANAGER	OPULENTUS WEALTH MANAGEMENT

K. Operational ability

Are you able to maintain the operational ability to fulfil the responsibilities imposed on the licensee by the Act, including the management and oversight of representatives (where applicable) rendering financial services on behalf of the licensee?

YES ☒ **NO** ☐

L. Indicate whether the key individual will be rendering financial services as a representative?

YES ☒ **NO** ☐

If yes, FSP Form 5 must also be completed.

M. ***A certified copy of the key individual's identification document*** must accompany the application form.

I, NIKASHNI GAJOO (name of the sole proprietor / key individual) declare that the information provided in this form is correct.

....

Signature **Date**

N. Indemnity form

I **NIKASHNI GAJOO** (full name of sole proprietor /key individual)

Identity / passport number: **770919 0005 081** hereby authorise the Financial Services Board, and its duly authorised verification agent, to request or confirm any personal information as well as any other information that I have provided in support of my application to any personal data holders (including but not limited to the South African Police Services, the Government of the RSA, industry bodies and associations, employers and any educational, training, credit bureau and fraud prevention organisations) for the purpose of verifying my personal credentials and records.

Credential verification types include, but are not limited to, educational qualifications, professional membership, employment history, and employment references including industry employment registers, consumer credit, criminal records, drivers' licence, and fraud prevention checks.

I authorise the personal data holders (including but not limited to the aforesaid institutions) to furnish information regarding my credentials, whether claimed or not, to the Financial Services Board and it's duly authorised verification agent. I unconditionally indemnify the Financial Services Board, its verification agent and the personal data holders against any liability that may result from furnishing information in this regard.

....

Signature Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

BnP CAPITAL

& Investments

BUSINESS PLAN

DANIEL MAHLANGU
Building 6, Tuscany Office Park,
5 Coombe Place,
Rivonia,
2121

Postnet Suite 436,
Private Bag x43,
Sunninghill,
2157

Telephone: +27 (0) 11 234 0625/0871
Fax : +27 (0) 86 588 9624
Email: daniel@bnpcapital.co.za
Website: www.bnpcapital.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

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SECTION 1: INTRODUCTION

1.1 Business Description

BnP Capital is an independent advisory and investments company, which is 100% black owned and managed. The company was established by professionals with a track record in providing innovative financial and business solutions. BnP Capital has an investment arm which seeks to invest and unearth value in selected growth sectors. The company also plans to grow its investment portfolio by identifying attractive investment opportunities through its advisory services.

1.2 Services

BnP Capital offers advisory services which are built on a foundation of efficient and effective delivery of services and solutions. BnP Capital understands its clients' challenges and needs and offer value enhancing solutions. The company assists corporate clients and individual entrepreneurs to identify, analyse, structure, price, negotiate, market and effect transactions. Central to our business operations and critical to our existence are our abilities to put the client first in everything we do.

1.3 Sector Experience

BnP Capital is run by experienced and reputable senior management team with more than 100 years combined experience in financial services industry, especially in the areas of Corporate Finance, Private Equity, Asset Management, Analyst, Accountants, Project Management and Project Finance. Executive directors prior joining BnP Capital have been involved in various blue chips and Public Private Partnerships transactions spurning from private equity to project finance. These transactions involved negotiations with either the sellers or buyers, financial modelling to determine the value of these businesses, due diligence, funding and legal documentation.

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SECTION 2: MARKET ANALYSIS

South Africa's financial services sector, backed by a sound regulatory and legal framework, is sophisticated, boasting dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

2.1 The banking system

The South African banking system is well developed and effectively regulated, comprising a central bank – the South African Reserve Bank – as well as a few large, financially strong banks and investment institutions, and a number of smaller banks.
Many foreign banks and investment institutions have operations in South Africa.
Investment and merchant banking remains the most competitive front in the industry, while the country's "big five" banks – Absa, FNB, Standard Bank, Nedbank and newcomer Capitec – dominate the retail market.
Read more: Banks and exchange in South Africa

2.2 Legislation and regulation

Legislation governing the financial sector is primarily the Banks Act 1990 and the Mutual Banks Act 1993, which serve the achievement of a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole.
Download a copy of the Banks Act, 1990 [PDF]
An office headed by the Registrar of Banks, operating as part of the Reserve Bank, is responsible for registering institutions as banks or mutual banks as well as enforcing all the requirements of the Acts.

The non-banking sector is overseen by the Financial Services Board (FSB). An independent body, it is responsible for the regulation of financial markets and institutions, including insurers, fund managers and broking operations.

The National Credit Regulator is responsible for regulating the South African credit industry, including the registration of credit providers, credit bureaux and debt counsellors. It is responsible for enforcing compliance with the National Credit Act, and is focused on developing an accessible credit market to meet and promote the needs of people who are marginalised, especially economically.

The Banking Association of South Africa is an industry body representing all registered banks in South Africa. It is the mandated representative of the sector, and represents the industry through lobbying, engagement with stakeholders and political influence.

The Johannesburg Stock Exchange

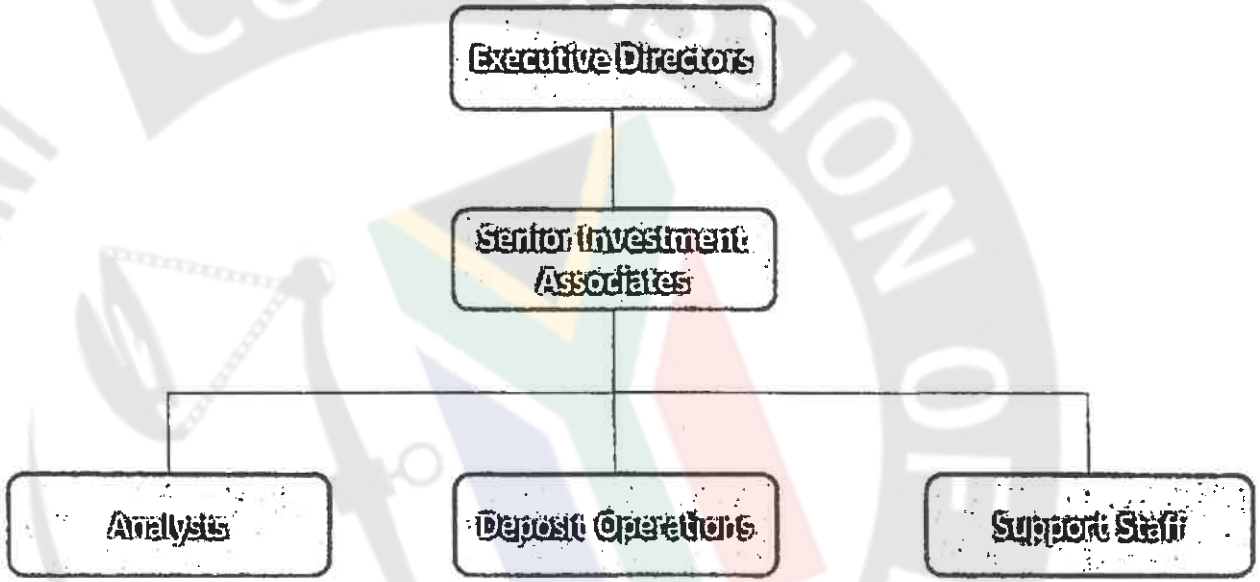
The JSE Limited is the 17th largest exchange in the world by market capitalisation, which is at more than R6- trillion.With about 400 listed companies and 907 securities (JSE, November 2012), South Africa's exchange is Africa's largest and is bigger than Moscow's and Singapore's.World-class systems allow the JSE to offer leading technology, surveillance and settlement on a T+5 basis. In 2012, it was ranked as number one in the world for the third time in terms of securities regulation by the World Economic Forum.

The JSE is an essential cog in the functioning of South Africa's economy, and is the market of choice for local and international investors looking to gain exposure to the leading capital markets in the country as well as the broader African continent.

In October 2011, South Africa's JSE Top40 Index joined Brazil's Bovespa Index, Russia's Micex Index, the BSE India Sensitive Index, Hong Kong's Hang Seng Index, the Hang Seng China Enterprises Index to form the BRICS Exchanges Alliance. Trading began in March 2012.

COMMISSION OF INQUIRY INTO STATE CAPTURE

SECTION 2: PERSONEL AND OPERATIONS



CASS-766

Surname	Name	Years	Qualification	Abbreviated CV
Mahlangu BLACK MALE	Daniel	13 years	B.B Econ Science Honours Maths & maths of Finance Advanced Diploma in Company Law MBA (Dissertation)	Daniel has over a decade years' experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors. He is currently a Chief Executive Officer of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession. The summary of the transactions that he has been involved in is detailed below: o Roads Agency Limpopo PPP Feasibility Study (completed) o Bakwena Platinum Corridor Concession PPP (completed) o N3TC PPP (completed) o Masingita Properties PPP Feasibility (current) o King Edward Academic Hospital Feasibility (current) o Nelson Mandela Academic Hospital PPP Feasibility (current)
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Mathebula BLACK MALE	Vonani	10 years	BCom (Accounting), HDipACC Honours CA(SA)	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects),Transnet, Vunani Limited and Sphere Holdings. Vonani has been part of the team responsible in the development of the financial model for Bus Rapid Transit for City of Johannesburg Phase 1B. Amongst other duties, he was responsible for the appraisal of the overall system costs, estimation of system

STATE CAPTURE INQUIRY

				revenue, assisting with required input into the City budgeting for Public Transport Infrastructure and System fund, acting as the financial advisors and financial technical support team in terms of negotiations with potentially affected operators and providing advice on the financial and economic costs of implementing these phases through project finance or PPP models. He is currently responsible for the implementation of PPP as a Financial Advisor on the Principle Transaction Advisory Services Team for the King Edward VIII Academic Hospital in KwaZulu Natal and the Nelson Mandela Academic Hospital in Umtata, Eastern Cape on a PPP project. He is responsible for the need analysis, solutions analysis, financial modelling and economic valuation of the project. As a qualified Chartered Accountant, he has gain vast experience throughout his career. This amount others includes accounting, audits, financial modelling, feasibility studies, project finance, PPP and structuring.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Moyo BLACK MALE	Irvine	10 years	BCom (Hons) Economics	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction. He is currently a Senior Investment Associate of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, City of Johannesburg, Metrobus, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Netha BLACK MALE	Thamsanqa	9 years	BCom (Hons) Economics Masters in	Thamsanqa has worked in the private equity and corporate and project finance over the last 8 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners.

COMMISSION INTO STATE CAPTURE

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image006.gif>

a positive attitude breeds excellence...

From: Sidwell Francis
Sent: 16 September 2016 03:06 PM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter refers.

We have reviewed all the information you submitted, but we are still of the view that some issues still remain unresolved. In the interest of time, we wish to invite you for a meeting for us to engage you on those issues. Kindly indicate your availability for the meeting on Tuesday (20 September 2016) or Wednesday (21 September 2016).

Kind regards,

<image004.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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<image006.gif>

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 15 September 2016 04:12 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Sidwell,
Please find attached a business plan incorporating responses to your questions.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 15 September 2016 02:16 PM
To: Daniel Mahlangu

Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter refers.

We acknowledge receipt of your submission and comment further as highlighted in green below. Please respond to the comments.

Further to the above, we have commented on the attached revised business plan. please respond to the comments.

Please note that, for purposes of expediting the process, you need to urgently respond as the due date for submission is still Friday, 16 September 2016.

Kind regards,

<image005.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

Regards

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

TIP

of a category II licence. You have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade. We note with concern that your revised business plan still states that the decision to downgrade your licence categories was as a result of your communication with this Office. Please refer to our previously communicated concern in this regard.

BnP Capital has decided to down grade its own licence due to the fact that it could not secure a Key Individual who is fit and proper for its CAT II licence. Kindly amend paragraph 3.1 of your attached business plan.

We did sent a letter motivating for the downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and "investments"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for; We note that this has been removed (from the business plan).

  It was an error. We have proprietary investments housed in BnP Capital Investments Holdings Limited. The company also provides corporate finance and capital raising exercises which are incorrectly referred to as advisory. Is the entity mentioned here authorised to "house investments"? by which regulator? Furthermore, kindly assist with the organogram of the involved entities.
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and; we take note that this has been removed

  Please see the explanation above Is this investment arm housed at BNP Capital?
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence. As stated above, this has been partially addressed.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services? We still await a response to this question. – Addressed above where is this addressed?kindly specify
- What role will BnP Capital play after giving advice to its clients? We still await a response to this question. – Addressed above Where?
- Clarify your interpretation of "stated revised business focus". We note that this has been removed.

  We meant BnP Capital will now focus its strategy to concentrate its financial services operations resources on entering or expanding in a narrow market or industry segment of short and long term deposits. Will BNP be taking deposits?
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan. we take note of the functions as outlined in the revised business plan.

Please note that we are forwarding your business plan but require you to respond to the above highlighted/outstanding areas in order to allow this Office to offer a broad response thereto. Please do keep in sight the timeframes as highlighted above. Your urgent reply is therefore required*

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016.**

Kind regards,

<image005.jpg>Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image004.gif>

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From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
  On behalf of deposit taking institutions ie Old Mutual and Sanlam

- What role will BnP Capital play after giving advice to its clients?
  Support the client after transaction on behalf of product supplier

- Clarify your interpretation of "stated revised business focus".

- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

IP

The deposit operations associate will prepare and administrate client interaction with product supplier. Responsible for overseeing and implementing deposit procedures.

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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<Letter - FSB' (2).pdf>

<POP OF APPROVAL FEE FOR KI.pdf>

<Application 4 Nikki.pdf>

<Application 5 Nikki (3).pdf>

<FSP Business Plan.pdf>

<Qualifications.pdf>

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COMMISSION OF INQUIRY INTO STATE CAPTURE

JP

Andrea Coetzer

From:	Sidwell Francis
Sent:	Friday, September 23, 2016 12:06 PM
To:	daniel@bnpcapital.co.za; thami@bnpcapital.co.za
Cc:	Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject:	BnP Capital - News article
Attachments:	SKMBT_42316092312460.pdf

Dear Daniel,

Kindly find attached a newspaper article for your attention.

Kindly comment on the nature of your business activities as quoted on the article. This materially contradicts what you explained to us yesterday.

We look forward to receiving your urgent response.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
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From: Sidwell Francis
Sent: 23 September 2016 04:47 PM
To: Sidwell Francis
Subject: Message from KMBT_423

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Licence row does not stop BNP in other deals

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FINANCIER and advisory firm BNP Capital's (BNP's) licence suspension does not prohibit the company from offering other services that are not defined under the Financial Advisory and Intermediary Services (FAIS) Act, Caroline da Silva, deputy executive officer for FAIS at the Financial Services Board (FSB), said on Wednesday.

It is a key requirement that people who offer financial services advice must pass a regulatory exam. BNP Capital's licence was suspended after it was found that one of its advisers had not completed the exam. The adviser was not named.

The firm was appointed to help with advisory services and to restructure South African Airways' (SAA's) R15bn debt and to raise funding for the airline. It has been under attack for failing to disclose that its licence was suspended by the FSB when it got the SAA contract. The deal was first put on hold and later cancelled after the anomaly was discovered.

"If the business is rendering services on products not defined in FAIS — for example, lending or fund-raising or debt-restructuring, then the FAIS suspension will not impact on these as long as they do not involve any products as defined in FAIS," said Da Silva. "FAIS only issues licences to companies or persons if they are rendering advice or intermediary services in terms of a financial product and some of these services were the offering of securities and instruments, debentures and securitised debt, money markets, collective investments and insurance," she said.

Daniel Mahlangu, CEO of BNP Capital, said because the suspension related only to the private equity fund, it did not form part of the requirements of the transaction that it had with SAA.

"Our other areas of expertise are in corporate finance, asset management, project finance and accounting services," said Mahlangu. "We were given three months to rectify, meaning the particular individual should write the exams. Another option made available was that we should get a financial services provider with a similar CATII licence to work in partnership with us, on condition we have funds under management."

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Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, September 26, 2016 2:56 PM
To: Sidwell Francis; thami@bnpcapital.co.za
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject: RE: BnP Capital - News article

Dear Sidwell,
You have been misquoted.
We did mention that our executive team has experience in other areas , e.g Asset management
But it came across as though BnP Capital offer services in other areas including asset management.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 23 September 2016 12:06 PM
To: daniel@bnpcapital.co.za; thami@bnpcapital.co.za
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject: BnP Capital - News article

Dear Daniel,

Kindly find attached a newspaper article for your attention.

Kindly comment on the nature of your business activities as quoted on the article. This materially contradicts what you explained to us yesterday.

We look forward to receiving your urgent response.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
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From: Sidwell Francis
Sent: 23 September 2016 04:47 PM
To: Sidwell Francis
Subject: Message from KMBT_423

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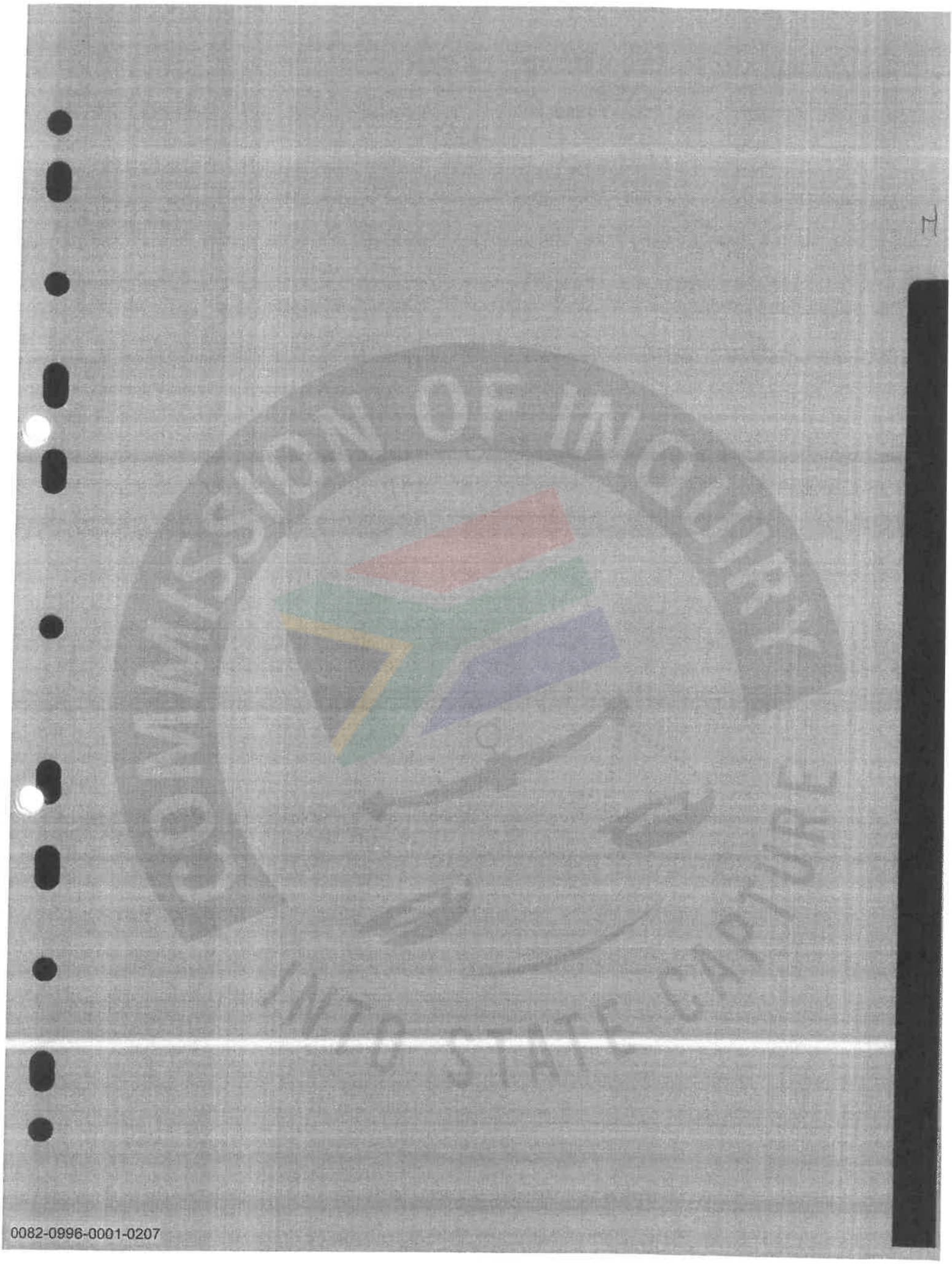
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Andrea Coetzer

From: Sidwell Francis
Sent: Friday, October 7, 2016 12:47 PM
To: Nikki
Cc: daniel@bnpcapital.co.za; Nolwazi Mshunqane; Jabhile Mbele
Subject: BnP Capital - FSP 43315

Dear Nikki,

The below matter refers.

Please note that, following various correspondences with Mr Daniel Mahlangu (copied herein) and a subsequent meeting with Mr Mahlangu and Mr Netha, this Office would like to extend an invitation for a meeting with yourself in your capacity as the nominated key individual of the licensee.

Kindly confirm a date within which you will be available for such a meeting.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
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Andrea Coetzer

From: Sidwell Francis
Sent: Thursday, October 13, 2016 2:39 PM
To: daniel@bnpcapital.co.za; Nikki
Cc: Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: BnP Capital (Pty) Ltd - FSP 43315
Attachments: BnP - Post-meeting letter DOC.pdf

Dear Daniel,

The below matter has reference.

Kindly find attached a letter for your attention.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
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Tel +27 12 428 8000 Fax +27 12 347 0221 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	(MR) SIDWELL FRANCIS	D. DIALLING NO.:	(012) 428 8000 or 422 2941
OUR REF:	26/10/43315	FAX:	(012) 422 2973
DATE:	13/10/2016	E-MAIL:	sidwell.francis@fsb.co.za

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

By E-mail: daniel@bnpcapital.co.za

Dear Daniel,

APPLICATION FOR A PROFILE CHANGE IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT OF 2002

1. The meeting held at our offices yesterday, 12 October 2016, between yourself, Ms Nikashni Gajoo ("the nominated key individual") representing BnP Capital (Pty) Ltd ("the licensee"), and the Registrar together with 3 representatives from her office, has reference.

2. Below, we put on record the key issues that were discussed:

   2.1 The Registrar emphasised that the 3 business plans submitted to this Office were contradictory and confusing, a material fact that you conceded to;

   2.2 The Registrar requested the nominated key individual to narrate the nature of the activities that the licensee wishes to endeavor in, subsequent to the downgrade of its license to a category I in respect of short term and long term deposits;

   2.3 The nominated key individual explained that the licensee intends to give short/long term deposit advice and intermediary services to its existing client base through asset managers and assurers. She categorised this activity as short/long term

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Executive Officer: DP Tshidi

deposits (subcategories 1.17 & 1.18);

2.4 The Registrar advised that such business is not in line with the definition of short/long term deposits in terms of the Banks Act. It was explained that for this product category, the product supplier can only be banks;

2.5 You acknowledged that your understanding of long/short term deposits was not in line with the definition as brought to your attention. It was then agreed that your intended business activities are in respect of collective investment schemes and money market instruments;

2.6 You further informed us that you are the licensee's sole director and shareholder. You were then informed that, as the sole natural person in the business, you are obliged to be the nominated key individual, in line with the definition of a key individual in terms of the FAIS Act. This therefore means that this Office will no longer consider the current nominated key individual's application and;

2.7 You currently do not meet the competency requirements in respect of regulatory examinations. You indicated that you are booked to write the relevant regulatory examination on 18 October 2016.

2.8 Furthermore, you explained that your current business activities involve debt funding and capital raising. You also confirmed that the license has been dormant from conducting FAIS related business from the date on which it was granted. The Registrar put it to you that the nature of your activities do not require that you be licensed as a financial services provider

3. In light of the above, the Registrar is of the view that the licensee's business activities fall outside the parameters of the FAIS act, and as such, the licensee does not need to be registered as a Financial Services Provider.

4. Kindly urgently confirm whether you will lapse the license. Should you not proceed with the lapse, the Registrar will proceed to withdraw the license you do not meet the competency requirement as indicated above.

5. Kindly respond to the above by no later than end of business tomorrow, 19 October 2016.

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Executive Officer: DP Tshidi

I.P

Yours sincerely,

Sidwell Francis

pp REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Executive Officer: DP Tshidi

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Andrea Coetzer

From:	Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent:	Wednesday, October 19, 2016 3:23 PM
To:	Sidwell Francis; 'Nikki'
Cc:	Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject:	RE: BnP Capital (Pty) Ltd - FSP 43315
Attachments:	Letter - FSB letter 19.10.16.pdf

Dear Sidwell,
Please find attached our response to your letter.
Regards

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 13 October 2016 02:39 PM
To: daniel@bnpcapital.co.za; Nikki
Cc: Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: BnP Capital (Pty) Ltd - FSP 43315

Dear Daniel,

The below matter has reference.

Kindly find attached a letter for your attention.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
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BnP CAPITAL

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board
Riverwalk Office Park
Block, 41 Matroosberg
Ashlea Gardens
Pretoria

Dear Sidwell,

Re: APPLICATION FOR A PROFILE CHANGE IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY ACT OF 2002

1. The meeting held at your offices on 12 October 2016 did indeed clarify quite a lot of issues, especially, the misunderstanding between the business discussed in the business plan and the actual business.
2. I do agree with all the key issues raised in your letter dated 13 October 2016, except point 2.8 and 3.
3. I mentioned that our business is involved in corporate finance, capital raising and debt capital markets. Our business does get involved in FAIS related business but not to the extent we would like it to be. I did mention that we have been involved in debt capital markets and export credit agency funding with the local and intentional banks. The latter requires that all the parties involved be FAIS complaint given that some aspect of the exercise is FAIS related.
4. I do agree that our CATII licence has been dormant since the licence was awarded. I did mention that the reasons why the licence has been dormant. However, that does not mean the business does not need it going forward.
5. I have registered for the REs exams and would like to plead with the FSB to give me time till end of November 2016 to sufficiently prepare for them. Our business would be gravely prejudiced without the CATI licence given that the business was recently awarded a mandate for 5 years by the City of Johannesburg to raise capital on its behalf with other banks in the debt capital market space.

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6. In the event that the FSB decides to proceed with point 4 mentioned in the letter, I would prefer to lapse the licence.

Yours Sincerely,

Director

Daniel Mahlangu

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INTO STATE CAPTURE

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Thursday, November 3, 2016 10:28 AM
To: daniel@bnpcapital.co.za
Subject: Withdrawal of license : FSP 43315
Attachments: SKMBT_42316110310140.pdf

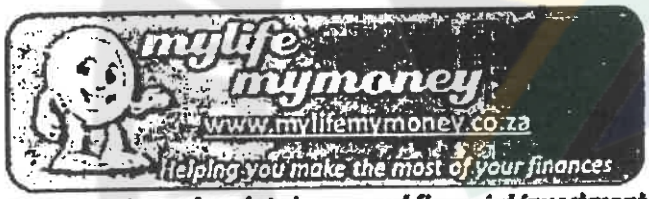
Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is the withdrawal letter for your attention.

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za



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Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7165
OUR REF:	Case 802387 FSP 43315	FAX:	(012) 422 2973
DATE:	03 November 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

Mr P D Mahlangu
BnP Capital (Pty) Ltd
Private Box 43 Sunninghill
Sandton
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF WITHDRAWAL OF AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The notice of suspension of the licensee's authorisation dated 26 April 2016 refers.

Background

2. For the record, in terms of the abovementioned suspension letter you were afforded an opportunity to provide this office with your response before end of business day of 08 July 2016.

3. On 12 May 2016 you requested an extension until 29 July 2016 to write the outstanding regulatory examinations on 26 and 29 July 2016. The Registrar granted the extension until 12 August 2016 (Annexure A). According to the electronic records held by this office, you were unsuccessful on both the regulatory examinations.

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Executive Officer: DP Tshidi

4. On 19 June 2016 you made an application to the Registrar for an exemption from writing regulatory examinations. On 11 August 2016 your exemption application was declined on grounds that the Registrar was not satisfied that reasonable grounds existed to warrant an exemption from the regulatory examination requirements. (Annexure B)

5. On 12 August 2016 you submitted a profile change request wherein you added a Mr Samuel Matimba (Mr Matimba) as the new key individual (Annexure C) for the licensee. On 17 August 2016 Mr Matimba requested that he be removed as the nominated key individual (Annexure D). On 22 August 2016 you were granted an extension until 5 September 2016 to rectify the contraventions and apply for the appointment of a compliant key individual. (Annexure E)

6. On 01 September 2016 you submitted a profile change request for the removal of Category II license from the license profile and remain only with the Category I license. You also submitted a profile change request to add Ms Nikashni Gajoo (Ms Gajoo) as the licensee's new key individual (Annexure F).

7. After perusing your request, you were requested to submit a new Business Plan in respect of your Category I license activities. On 01 September 2016 you submitted a business plan which was rejected as it still referred to the Category II license (investments) activities and was not aligned to the downgrading of the Category I licensing conditions. On 07 September 2016 you were sent a letter wherein you were informed of the discrepancies noted from the submitted business plan. (Annexure G)

8. On 15 September 2016 you submitted a revised business plan which was also rejected as you failed to address the discrepancies and/or concerns raised. On 16 September 2016 you were invited to this office for a meeting to address and clarify the discrepancies and/or concerns raised in the letter of 07 September 2016.

9. On 22 September 2016, a meeting was held at our offices between you, Mr Thamsanqa Netha (representing the licensee) and representatives of this office. From the recorded conversation, the following were noted, that;

- Ms Gajoo, newly nominated KI was not able to attend the meeting with you as she only arrived in South Africa the previous day (21September 2016);
- The activities of your business appeared not to fall within the definition of financial services as defined in the Financial Advisory and Intermediary Service Act 37 of 2002 (the Act);
- The business plan submitted did not provide a clear explanation of the nature of business the FSP was conducting and therefore not in line with the Category I license activities you wanted to downgrade to;
- You confirmed that since the approval of your license (08 November 2011, it has not been used (dormant) for what it was issued for and/or any financial services function;
- You confirmed that you needed the license for future purposes when performing your main business of debt capital markets and export credit agency funding with the local and intentional banks which requires all parties involved to be FAIS compliant given that some aspects of the exercise is FAIS related;
- You were then requested to provide this office with a revised business plan by no later than close of business day of 26 September 2016 and you were reminded that the suspension of your license will remain effective and extended until 03 October 2016.

10. On 26 September 2016, you submitted a revised business plan and after perusing the plan the Registrar invited you and Ms Gajoo for a meeting to discuss the business plan and your business activities.

11. On 12 October 2016 a meeting was held between yourself, Ms Gajoo and the Registrar together with 3 representatives of this office wherein the following were discussed;

    - The Registrar emphasised that the 3 business plans submitted to this office were contradictory and confusing;
    - Ms Gajoo was requested to explain the nature of business the licensee wishes to endeavour in, subsequent to the downgrading of its license to a category I license;

- Ms Gajoo explained that the intention was to render financial services on deposits (both the long term and short term deposits) to your existing client base through asset managers and assurers. She referred to subcategories 1.17 (long-term deposit) and 1.18 (short-term deposit) of Category I license.
- Based on the provided explanation the Registrar advised that such business is not in line with the definition of deposit in terms of the Banks Act. The Registrar further advised that deposits with asset management relate to collective investment schemes.
- You confirmed that your understanding of the short-term and long-term deposits was not in line with the definition as brought to your attention. It was then agreed that the licensee's intended business activities are in respect of collective investment schemes and money market instruments;
- You further informed this office that you are the licensee's sole director and only shareholder (this is not accordance with the records held by this office which reflect Mr Vonani Mathebula as a 30% shareholder). From your above submission you were then informed that as the only 100% shareholder of the licensee you must be the nominated key individual.
- Your attention is brought to Section 1 of the Act which defines a key individual as follows; *'Key individual', in relation to an authorised financial services provider, or a representative, carrying on business as -(a)a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or (b)a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person.*
- Based on your submissions in the meeting, you were informed that the new key individual profile change request will no longer be effected as you as the only shareholder must be the licensee's key individual.
- The issue of you not meeting the competency requirements in respect of regulatory examinations was raised and in response you indicated that you were booked to write the relevant regulatory examination on 18 October 2016.

12. On 19 October 2016 you submitted a request for an extension of the suspension of your license until 30 November 2016. After considering all the facts before her, *inter alia*, the fact that you were absent from writing the examination on 18 October 2016 and have on numerous occasions been absent from the exams (our records reflect that you were registered 17 times to write Regulatory Examination 1 (RE 1) and only wrote 7 times and were unsuccessful and on 10 occasions you were absent from the exam. With regards to Regulatory Examination 3 (RE 3) you registered to write the exam 11 times and only sat for the exams 3 times and 8 times you were absent), your request is declined.

13. You are hereby notified of the decision of the Registrar of Financial Services Providers (Registrar) to withdraw its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

14. **GROUNDS OF WITHDRAWAL**

The grounds of the withdrawal are as follows:

- The licensee/KI does not meet or no longer meets the fit and proper requirements applicable to the licensee.

15. **REASONS FOR WITHDRAWAL**

The reasons that inform the grounds for the Registrar's decision to withdraw the licensee's authorisation are set out below.

The licensee and/or key individual of the licensee does not meet or no longer meets the fit and proper requirements

- In terms of section 8A of the Act read together with section 3 (5) of the Determination of Fit and Proper Requirements,2008, *an authorised financial services provider, key individual, representative of the provider and key individual of the representative must-(a) continue to comply with the fit and proper requirements , and an FSP must*

at all times ensure that at least one or more of the key individuals approved by the Registrar meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP (who is a sole proprietor), in relation to any one or more Categories or subcategories the provider is authorised for, and in respect of which that key individual will manage or oversee the provider's activities.

- The Registrar's records reflect that you as the key individual of the licensee have failed to successfully complete the relevant regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements.

- You therefore do not meet or no longer meet the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

16. WITHDRAWAL OF LICENCE

The licensee's licence is hereby withdrawn with immediate effect based on the grounds and reasons detailed above.

16.1. Terms attached to the withdrawal

The following terms are attached to the withdrawal of the licensee's licence:

(a) The licensee must inform all affected clients and product suppliers concerned that its licence has been withdrawn.

(b) The licensee is prohibited from concluding any new business as envisaged by the Act.

(c) The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

17. RIGHT OF APPEAL

The Licensee may in terms of section 39 of the Act and section 26(2) of the Financial Services Board Act, 1990 (FSB Act), appeal against the decision of the Registrar. Such appeal must be lodged-

(a) with the secretary of the Board of Appeal; and

(b) within 30 days after the decision of the Registrar to withdraw the licensee's licence becomes known to the licensee.

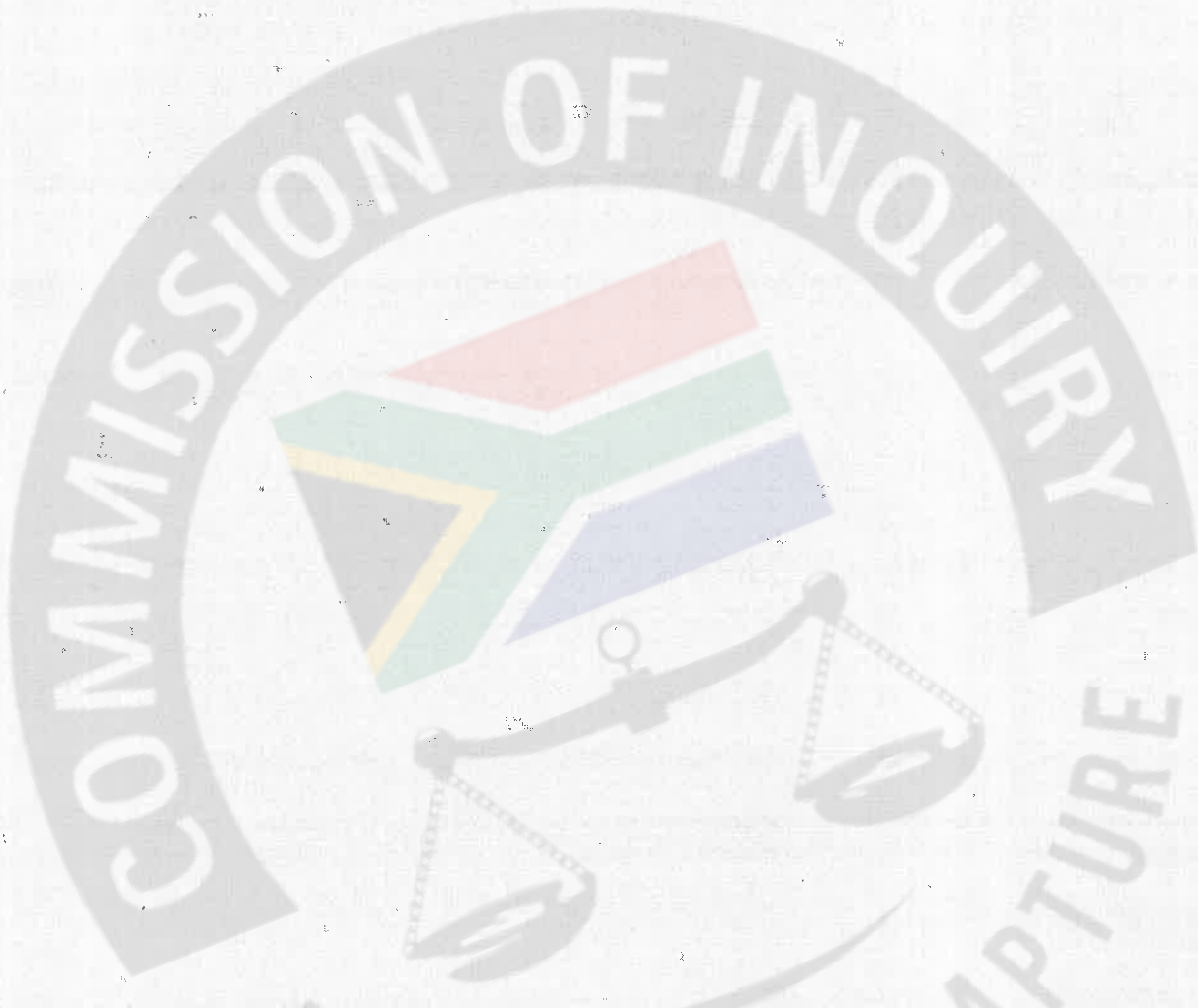
The procedure for lodging an appeal is set out on the website of the FSB at www.fsb.co.za. Any query relating to an appeal can be directed to leg.appealboard@fsb.co.za

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

IR

COMMISSION OF INQUIRY INTO STATE CAPTURE



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STATEMENT IN TERMS OF SECTION 212 OF THE CRIMINAL PROCEDURE ACT 51 OF 1977

I, the undersigned,

Andrea Jacqueline Coetzer

state under oath as follows:

1. I am in the employ of the Financial Sector Conduct Authority ("FSCA"), herein referred to as "the Authority", situated at Riverwalk Office, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, and my telephone number at this address is (012) 367 7202. The Financial Sector Regulation Act 9 of 2017 established the FSCA with effect 1 April 2018 to replace the Financial Services Board "FSB".

2. The information contained in this affidavit is to the best of my knowledge both true and correct and falls within my personal knowledge unless otherwise stated.

3. I am a Specialist Analyst in the Financial Advisory and Intermediary Services ("FAIS") Compliance Department. Due to the powers and duties that have been conferred upon me as a result of my position, I am entitled to depose of this affidavit. Part of my duties include the responsibility to carry out investigations relating to complaints received regarding contraventions of the FAIS Act, and handing such to the prosecuting authorities for further investigations.

4. FSCA was established as market conduct regulator and supervisor in terms of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017). FSCA aims to enhance and support the efficiency and integrity of financial markets and to protect financial customers by promoting their fair treatment by financial institutions.

The FAIS ACT

5. It is important to note from the outset that the FAIS Act only came into operation with effect of 30 September 2004.

6. Person is defined in section 1 of the FAIS Act as any natural person, partnership or trust and includes any organ of state as defined in section 239 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), any company incorporated or registered as such under any law and any body of persons corporate or unincorporated;

7. Financial Services Provider is defined in section 1 of the FAIS Act to mean any person, other than a representative, who as a regular feature of the business of such person furnishes advice or furnishes advice and renders any intermediary service or renders an intermediary service;

8. Financial service is defined in section 1 of the FAIS Act to mean any service contemplated in the definition of Financial Service Provider referred to *supra*, including any category of such services;

9. Intermediary service is defined in section 1 of the FAIS Act to mean any act other than the furnishing of advice, performed by a person for or on

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behalf of a client or product supplier, the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product with a product supplier or with a view to buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product purchased by a client from a product supplier or in which the client has invested; collecting or accounting for premiums or other moneys payable by the client to a product supplier in respect of a financial product or receiving, submitting or processing the claims of a client against a product supplier;

10. Advice is defined in section 1 of the FAIS Act to mean any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients in respect of the purchase of any financial product or in respect of the investment in any financial product or on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product or on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product; and irrespective of whether or not such advice is furnished in the course of or incidental to financial planning in connection with the affairs of the client or results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being effected;

11. Financial Product is defined in section 1 of the FAIS Act to mean:

11.1. securities and instruments, including shares in a company other than a "share block company" as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980); debentures and securitised debt; any money-market instrument; any warrant,

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certificate, and other instrument acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments herein and any "securities" as defined in section 1 of the Securities Services Act, 2002;

11.2. a participatory interest in one or more collective investment schemes;

11.3. a long-term or a short-term insurance contract or policy, referred to in the Long-term Insurance Act, 1998 (Act No. 52 of 1998), and the Short-term Insurance Act, 1998 (Act No. 53 of 1998), respectively;

11.4. a benefit provided by a pension fund organisation as defined in section 1 (1) of the Pension Funds Act, 1956 (Act No. 24 of 1956), to the members of the organisation by virtue of membership or a friendly society referred to in the Friendly Societies Act, 1956 (Act No. 25 of 1956), to the members of the society by virtue of membership;

11.5. a foreign currency denominated investment instrument, including a foreign currency deposit;

11.6. a deposit as defined in section 1 (1) of the Banks Act, 1990 (Act No. 94 of 1990);

11.7. a health service benefit provided by a medical scheme as defined in section 1 (1) of the Medical Schemes Act, 1998 (Act No. 131 of 1998);

11.8. any other product similar in nature to any financial product referred to *supra*;

11.9. any combined product containing one or more of the financial products referred to *supra*;

11.10. any financial product issued by any foreign product supplier and marketed in the Republic and which in nature and character is

essentially similar or corresponding to a financial products referred to *supra*;

12. Section 8 of the FAIS Act deals with the requirements of fit and proper which are also detailed in Board Notice 91 of 2003.

13. I was requested by Brigadier S E Lebakeng, the Section Head for Serious Corruption Offences of the Directorate for Priority Crime Investigation Silverton, to provide them with information regarding the FSP license that had been issued to **BNP Capital (Pty) Ltd** including the conditions attached to the license; the suspension of the license; the consequences attached to the suspension of the license and the notification to the FSP of the suspension of this license.

14. As a result of my position, I have access to all documentation pertaining to licence applications in terms of the FAIS Act as well as licences granted and I confirm that:

14.1. **BNP Capital (Pty) Ltd** was an authorised Financial Services Provider under FSP number 43315. The license application of BNP Capital (Pty) Ltd was approved on 8 November 2011. Attached hereto as Annexure "A" is a copy of the license issued to FSP 43315, including the conditions attached to such license. **BNP Capital (Pty) Ltd** is NOT currently an authorised FSP as their license was withdrawn on 3 November 2016.

14.2. **BNP Capital (Pty) Ltd** was issued a Notice of Intention to Suspend Authorisation, dated 18 March 2016 and emailed to the licensee on 23 March 2016, for a contravention of section 10 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2008, in that the key individual Mr Pholisani Daniel Mahlangu (identity number 730115 5649 85) failed to successfully compete the first level regulatory examination. Attached hereto as Annexure "B" is a copy of the email to the licensee and the Notice of Intention to Suspend Authorisation.

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14.3. **BNP Capital (Pty) Ltd** was issued a Notice of Suspension of Authorisation, dated 26 April 2016 and emailed to the licensee on 12 May 2016, for the same contravention set out in point 14.2 above. Attached hereto as Annexure "C" is a copy of the email to the licensee and the Notice of Suspension of Authorisation.

14.4. Paragraph 6 of the Notice of Suspension of Authorisation sets out the terms attached to the Suspension of the license. In particular, the general terms attached to the Suspension of the license are as follows:

14.4.1 The licensee's authorisation is suspended for three months from the date of the notice.

14.4.2 The suspension may be lifted at any time during the period referred to in paragraph 14.4.1 if the licensee complies with all the terms attached to the suspension.

14.4.3 The Registrar, at expiry of the period referred to in paragraph 14.4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

14.4.4 The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

14.4.5 The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

14.4.6 The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

JP

14.5. **BNP Capital (Pty) Ltd** was issued a Notice of Withdrawal of Authorisation, dated 3 November 2016 and emailed to the licensee on the same date, for the same contravention set out in point 14.2 above. Attached hereto as Annexure "D" is a copy of the email to the licensee and the Notice of Withdrawal of Authorisation.

15. I know and understand the contents of this affidavit. I have no objection in taking the prescribed oath and consider it to be binding on my conscience.

SIGNED AT **PRETORIA** on the..... DAY OF ..... **2018.**

Andrea Jacqueline Coetzer

I certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was sworn to before me, and the deponent's signature was placed thereon in my presence on this the..... day of .....**2018.**

COMMISSIONER OF OATHS

FULL NAMES: _____

RANK: _____

ADDRESS: _____

_____

CASS-810
CSB64

F1

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Barend Bredenkamp	D. DIALLING NO.:	+27 12 422-2954
OUR REF:		FAX:	+27 12 346-6481
DATE:	19 July 2016	E-MAIL:	Barend.Bredenkamp@fsb.co.za

Mr Ronaldo Lobo
Organisation Undoing Tax Abuse

Per electronic mail: investigations2@outa.co.za

Dear Mr Lobo

BNP CAPITAL (PTY) LTD (FSP NO. 43315)

I refer to your questions regarding the aforementioned entity as contained in your e-mail to Ms Zililo on 8 July 2016.

For simplicity, I have responded to your questions regarding the suspension of the licence of FSP No. 43315 (BnP Capital) in the table below. However, I must also utilise this opportunity to make some general remarks.

- The first issue I want to remark on is: (1) the legislative framework regarding the disclosure of information obtained by the FSB in the course of regulation of institutions as per the financial services legislation that it administers. Ordinarily the FSB has a statutory duty not to disclose information obtained in the course of regulation of the financial services industry as provided for in the financial services legislation. There are of course enabling provisions that provide for disclosure under certain circumstances, for example when required to do so by a court, and perhaps more relevant to your enquiry, where the relevant financial services legislation provides for such disclosure: In the case of BnP Capital, the Financial Advisory and Intermediary Service Act, 2002 (FAIS Act) states that where a licence is suspended, the registrar must make known the reasons for the suspension and any terms attached thereto by notice on the official web site and may make known such information by means

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Retshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi
SABS ISO 9001

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of any other appropriate public media. Accordingly, the information provided in my answers below is that which will be made public in terms of the FAIS legislation.

- The second issue I want to remark on is: (2) some misconceptions regarding the status of an entity as an authorised financial services provider in terms of financial services legislation, eg. the FAIS Act on the one hand and the status of an entity to operate any other business not regulated by financial services legislation. Please note that when considering the type of questions as per your enquiry, care should be taken to distinguish between services rendered by an authorised financial services provider that constitute financial advisory and intermediary services as defined in the FAIS Act and other services that do not fall within the ambit of financial advisory and intermediary services as defined. As an example, a financial services provider conducting business activities which fall within the ambit of FAIS Act may also sell fruit and vegetables on the doorstep off his office on Saturdays. The latter activity does not fall within the ambit of the FAIS Act and the suspension of the provider's FAIS licence will not impact on this business, subject of course to compliance with other regulatory requirements that may be applicable to that other activity.

I will now proceed to answer your questions regarding BnP capital and request you to consider the answers with the aforementioned in mind.

Questions

Question	Answer
Why was it suspended?	• The license of BNP Capital is currently suspended for noncompliance with a provision of the FAIS Act (the ground). The provision being part 10 of the Determination of Fit and Proper Requirements for Financial Services Providers Published under Board Notice 106 in Government Gazette 31514 of 15 October 2008 as amended (relevant regulatory examination not successfully completed). As indicated above, the reasons for the suspension of the license will be published on the FSB's website.
Was BnP Capital's FSB License suspended on the 23/06/2016?	• BnP's authorisation was suspended on 26 April 2016.
May they continue doing business with customers	• No, they may not continue to do business with customers if doing such business requires a licence

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obtained before the suspension of their FSB License?	as provided for in the FAIS Act. However, if the business does not fall within the ambit of the FAIS Act, the suspension of the provider's FAIS licence will not impact on such business. • The effect of the suspension is that BnP may not conduct new business as envisaged in the FAIS Act. In respect of existing clients to whom financial advisory and intermediary services were rendered previously, steps must be taken to transfer outstanding activities to another authorised financial services provider. The onus rests on the provider concerned to notify its clients of the suspension. However, this does not apply to existing business that does not fall within the ambit of the FAIS Act.
Do we need to report any business done with BnP Capital after their suspension of the FSB License was instituted?	• Yes, any business activity which constitutes the rendering of financial services as defined in the FAIS Act, must be reported. The FAIS Registrar will appreciate this. If by the term "any business" is meant business that is not regulated in terms of any of the financial services legislation administered by the FSB, then there is no need to report such business.
As a customer what recourse can be taken against BnP Capital for doing business after the suspension of their FSB License?	• It is necessary to disclose particulars thereof to the Registrar to consider same. Further, the FAIS Ombud deals with complaints submitted to its Office by a specific client against a financial services provider. "Complaint" means a specific complaint relating to a financial service rendered by a financial services provider or a representative of such provider to the complainant. In this regard refer to http://www.faisombud.co.za/about. • As to other possible remedies, the Registrar would advise that such customers obtain legal advice.

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I trust that the aforementioned response addresses your questions.

Yours faithfully

B BREDENKAMP
LEGAL ADVISOR: FINANCIAL SERVICES BOARD

COMMISSION OF INQUIRY INTO STATE CAPTURE

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COMMISSION OF INQUIRY
INTO STATE CAPTURE

BnP CAPITAL
Advisory & Investments

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

South African Airways
4Th Floor
A block
Airways Park
Jones Road
OR Tambo International Airport

Dear Ms Nhantsi,

Re: Bid Number RFP GSM 012/16

Further to your correspondence dated 13 July 2016, we respond thereto as follows:

1) With regards our BNP Capital's FSB licence, please find attached under cover hereof correspondence from the FSB confirming our interactions with them to speedily resolve the outstanding issues to fully reinstate it. The FSB is assisting with the proposal to grant us exemptions if we meet the requirements as listed in the attached letter. Kindly give us an extension to allow the speedy resolution of the above matter.

We would like to bring to your attention that BnP FSB licence is a CAT II, which means that it is authorised to undertake intermediary services, specifically, in the Private Equity space. So, the suspension of our licence by FSB has nothing to do with the current work we are doing for SAA but with our Private Equity Fund, which has been dormant for years. The Suspension of our licence does not mean that BnP cannot continue to operate. But if it had a Private Equity Fund, then certain measures as per the conditions would need be to met.

2) With regards to the conditions of suspension, I have attached a correspondence from the FSB for your attention. The conditions of the suspension allows us to authorise an alternative FSB licence in the execution of the existing mandates for and on behalf of our clients whilst we are resolving the outstanding issues with the FSB.

To this effect, we have sent to the CEO copies of the valid FSB licence from an entity we have authorised, in compliance with our mandate requirements of having a valid FSB licence for the duration of our mandate from yourselves. Accordingly, there is no breach of the terms and conditions of the appointment of our mandate from yourselves. Consequently, there are no grounds of cancellation that arise.

We have gone above and beyond to fulfil our mandate of sourcing efficient funding for and on your behalf. We kindly request that this process be not derailed by those who do not want both yourselves and us to succeed.

Yours faithful

BnP Director
Daniel Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Print this page

Defiant treasurer suspended at SAA

13-Jul-2016 | Andiswa Maqutu

South African Airways denies the decision to suspended Cynthia Stimpel followed her objection over funding deal

EMBATTLED national carrier South African Airways (SAA) has suspended its treasurer Cynthia Stimpel for "misconduct" as the board continues to remove defiant staff members.

Last week, Business Day reported that Stimpel had objected to SAA appointing unknown "boutique financier" BnP Capital to advise it on the restructuring of its R15bn debt and to raise the funding, in return for a R256m success fee.

However, on Tuesday, SAA would not give details on the reasons for her suspension, citing only "misconduct".

SAA spokesman Tlali Tlali confirmed on Tuesday that Stimpel had been suspended, but denied that the step had been taken due to her objections to the deal with BnP Capital.

"The matter is receiving attention within the company," said Tlali.

On May 20, Stimpel sent an e-mail to SAA acting chief financial officer Phumeza Nhantsi saying that the airline would be paying at least three times more than it needed to for BnP Capital's services. She recommended an open tender process.

Nhantsi is a seconded director from professional services firm SizweNtsalubaGobodo, where she was the lead engagement partner for Denel, the state-owned aerospace and defence technology group.

Stimpel said she was "very uncomfortable" with BnP Capital approved fee of 1.5%.

Stimpel's suspension is one of many suspensions, resignations and internal investigations of key staff at the struggling airline over the past year.

In May, board chairperson Dudu Myeni suspended head of human resources Thuli Mpshe after a failed attempt to do so in February. Mpshe had briefly acted as CEO before she was summarily removed and returned to her old position in November.

The head of SAA Technical, Musa Zwane, was then appointed acting CEO and remains in the position.

READ THIS: ANC fires lay to waste Treasury's sweat and toil

Around the same time two other senior executives — head of procurement Masimba Dahwa and chief commercial officer Sylvain Bosch were also suspended. Bosch is a French national with extensive aviation experience who was chief commercial officer at SAA.

The suspensions went against an agreement with its shareholder, the Treasury, not to suspend or appoint executives without consultation. The agreement is contained in the shareholder compact, which was redrafted early in 2015 to stabilise top management at the airline.

Zwane was the third acting CEO appointed at SAA after the suspension, investigation and resignation of Monwabisi Kalawe as CEO in April 2015.

Prior to Mpshe, Mango CEO Nico Bezuidenhout held the position of acting CEO. Bezuidenhout was sent back to the low-cost subsidiary in July.

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In the same week that Zwane was appointed acting CEO the airline's chief financial officer Wolf Meyer resigned, in the wake of an investigation instituted against him by Myeni, saying he no longer trusted the board.

Meyer, Mpshe and Bosch were critical of governance practices after Myeni placed herself in an executive role. Meyer, Bosch and Bezuidenhout have all been subjected to forensic investigations initiated by the board. None of them has faced any charges.

Chief strategy officer Barry Parsons quit the airline in July and nonexecutive director Tony Dixon resigned in October.

On Tuesday the Freedom Front Plus (FF+) noted that SAA had spent R22m on severance and resignation packages for CEOs since 2009 and chief financial officers since 2006, respectively.

READ THIS: SAA's golden handshakes amount to more than R22m

FF-Plus spokesman on public enterprises Pieter Groenewald said "it was little wonder that SAA cannot succeed" as its top management was not capable of meeting "challenging requirements" of the aviation industry, and had failed to in the past.

"The minister of finance expects taxpayers to tighten their belts, but at the SAA taxpayers' money is wasted and that is why the FF-Plus demands concerted action to appoint competent people immediately," he said.

The FF-Plus wanted to know why a permanent chief financial officer had not been appointed to date, Groenewald said.

Kalawe settled for a payout of R2.7m to resign from the airline last year following a controversial spat with Myeni.

In 2001, former SAA CEO Coleman Andrews received R232m; Andre Viljoen walked away with about R7m and Khaya Nqula was paid R8.9m when he left. Vuyisile Kona received a R1.5m payout after only four months in the job of CEO.

READ MORE:

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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SAA suspends treasurer who warned against R256 million deal

Staff Writer 13 July 2016

Your email address Subscribe

The treasurer who advised against SAA moving ahead with a dodgy R256 million finance deal with an unlicensed company has been suspended.

SAA treasurer Cynthia Stimpel has been suspended for "misconduct", after she raised questions about the deal with BnP, which the airline was paying three times more than necessary.

Stimpel is the latest in a long line of "defiant" employees who have been given the chop.

According to a report by BDLive, SAA has denied that Stimpel's suspension is in any way related to the finance deal with BnP Capital, but would not give any more detail around it.

In May, Stimpel sent an email to SAA CFO Phumeza Nhantsi expressing concern about awarding R256 million to "boutique financier", BnP Capital, without going through the appropriate tender processes.

Read: Cash-strapped SAA shrugs off tenders in R256 million deal: report

Poll

Which bank you do you think will gain the most market share in 2019?

- Absa
- African Bank
- Bank Zero
- Bidvest Bank
- Capitec
- Discovery Bank
- FNB
- Investec
- Nedbank

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BUSINESSTECH **SAA suspends treasurer who warned against R25**

the price – an important consideration for a company currently running at a massive loss.

Civil action group, Outa, later revealed that BnP Capital had its licence revoked by the Financial Services Board, a fact that should have made them ineligible for the deal in the first place.

SAA has repeatedly come under fire for its operational and spending practices, with claims that chairwoman, Myeni is core to the company's problems.

The SAA chairperson is closely linked to president Jacob Zuma, serving as chairwoman of the Jacob Zuma Foundation, and has tightened her grip on SAA over the past few years.

In May, head of human resources Thuli Mpshe got the chop due to conflict with Myeni – and it is speculated that she had a hand in getting former finance minister Nhlanhla Nene fired.

More on SAA

SAA paid R23 million in golden handshakes over the past 10 years

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Headline SAA

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BUSINESSREPORT

SAA suspends treasurer

COMPANIES / 13 JULY 2016, 11:21AM / TSHEPISO MOKHEMA

SAA planes are seen parked at OR Tambo International Airport in Johannesburg. File picture: Waldo Swiegers, Bloomberg

Johannesburg - South African Airways suspended Treasurer Cynthia Stimpel pending an investigation into a misconduct charge, the latest in a wave of disciplinary proceedings that have caused management upheaval at the unprofitable state-owned carrier.

Stimpel's actions amount to a "breach of SAA's code of ethics and conduct," spokesman Tlali Tlali said in e-mailed comments on Wednesday, without giving further detail about the charge. The Treasurer has been "suspended and not dismissed," he said.

Stimpel had objected to SAA's decision to award Johannesburg-based BnP Capital a contract to advise on the restructuring of R15 billion ($1 billion) of debt, Business Day newspaper reported on July 7, citing an e-mail she sent to acting CFO Phumeza Nhantsi.

The arrangement will see BnP paid a success fee of R256 million, about three times what the airline's treasury had estimated, according to the newspaper.

Read also: Finances of SAA up in the air

SAA Chairman Dudu Myeni, an associate of President Jacob Zuma, was among boardmembers who voted to hire BnP without a tender, Business Day said.

Stimpel's suspension "has nothing whatsoever to do with objections she is alleged to have made on the BnP Capital matter," Tlali said.

SAA, which is surviving on government-guaranteed loans, has this year suspended former acting Chief Executive Officer Thuli Mpshe and put acting Chief Procurement Officer Masi Dahwa on special leave.

Other recent management changes include the departure of CFO Wolf Meyer, who was replaced on an acting basis by Nhantsi, and chief strategy officer Barry Parsons. Musa Zwane, the head of SAA's maintenance unit, was named acting CEO in November.

EYEWITNESS NEWS

SAA SUSPENDS OF ITS TREASURER, CYNTHIA STIMPEL

Last week, it was reported that Stimpel had objected to a BnP Capital contract worth R256m.

FILE: Picture: Facebook.

OUTA (https://ewn.co.za/Topic/OUTA) SAA (https://ewn.co.za/Topic/SAA) BnP Capital (https://ewn.co.za/Topic/BnP-Capital)

Stephen Grootes (//ewn.co.za/Contributors/stephen-grootes) | 3 years ago (1016 days ago)

JOHANNESBURG - South African Airways (http://ewn.co.za/Topic/South-African-Airways) (SAA) has confirmed that its treasurer, Cynthia Stimpel, has been suspended, but says it has nothing to do with her objections to a deal that would see BnP Capital receiving R256 million for helping to arrange R15 billion-worth of funding.

This morning, *Business Day* reported Stimpel had been removed from her post after writing an email saying that other banks could provide the same service for SAA for a much smaller fee.

Civil Society Group the Organisation Undoing Tax Abuse (OUTA) has said it will challenge the decision to appoint BnP Capital in court.

Last week, it was reported that Stimpel had objected to the decision of the SAA board to give BnP Capital this R256 million contract.

Then today, *Business Day* said she'd been suspended, but SAA's Tlali Tlali said the two issues are not related.

"For the record, the suspension that was effected last week Tuesday was a decision taken by management and it had nothing whatsoever to do with SAA's board of directors. The suspension has to do with a misconduct on her part."

The SAA has also asked OUTA for more time to prepare its response to the group's demand that it drop the contract with BnP Capital.

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South African Airways terminates services of BnP Capital as its Financial Service Provider

South African Airways has taken a decision to terminate the services of BnP Capital as a financial services provider to the airline. The effect of this decision means that SAA has terminated both its appointment of BnP Capital as Transaction Advisor and the appointment to source funds on behalf of the airline. The decision was communicated to BnP Capital yesterday.

It is important to contextualise SAA's decision and reflect on some key milestones in order to provide clarity on issues which had, intentionally or not, been conflated.

1. SAA took a decision to arrange debt consolidation as part of management decisions taken to introduce interventions aimed at managing the airline's revenue and/or financial resources more efficiently. This process entailed debt review and restructuring of the balance sheet as well as sourcing funds in the markets. SAA currently pays multi-million Rand interest on its debt and there is a room to reduce interest rates. Successfully implemented, debt consolidation will enable SAA to eliminate multiple and varied interest rates on its loans from a number of lenders, making it possible to have one consolidated debt at a negotiated favourable rate and with one lender.

2. In or about January 2016 SAA issued a Request for Information (RFI) in the market, inviting interested parties to submit their bids. Fourteen (14) companies responded when the process closed in February 2016. Subsequently, a Request for Proposal (RFP) was issued to the same 14 companies. Only 7 companies responded to the RFP and 2 companies were subsequently disqualified as they failed to meet the critical criteria, being the existence of a valid and current Financial Services Board (FSB) issued licence to the service provider. The 5 companies that remained met all the requirements. SAA decided to award the tender to BnP Capital for scoring highest on both the Pricing and BEE requirements of the criteria. The appointment of BnP Capital as Transactional Advisor was ostensibly in accordance with prescribed procurement processes and the award was made on 20 March 2016.

3. In addition to procuring the services of a Transaction Advisor, SAA went out to the market to source funds. Funds could be sourced from the traditional lending institutions such as banks and investment houses. In recognition of the fact that SAA had loans in the amount of R7.2 billion maturing at the end of June from different lenders, management went out to look for a lender in order to avoid defaulting on our obligations when the loans became due and payable. After following a procurement process, a potential lender was identified but for reasons beyond SAA's influence and/or control, the lender withdrew even before the agreement was entered into between the parties. Due to the confidential nature of the transactions and conditions attendant to those matters, SAA may not disclose the identity of the lender. The withdrawal was communicated by the potential lender to SAA in April 2016.

4. In light of the sudden withdrawal by the potential lender, SAA was faced with a predicament and had to consider on an urgent basis other alternatives to mitigate its risks associated with loans that were maturing within a month. In May 2016, SAA management followed a process provided for in the Supply Chain Management (SCM) Policy, to deviate from open tender and go on a confinement process. The process, which is also recognised by National Treasury as one of the justified methods under specified circumstances, was duly approved.

5. On 25 May 2016, SAA issued a letter of award to BnP Capital to source funds on behalf of SAA. The outcome was based on the confinement process which was occasioned by urgency or exigency which the SCM policy provides for.

6. In the intervening period, before SAA and BNP Capital could enter into a contract, and whilst SAA was still to conduct a due diligence, SAA received correspondence on 7 July 2016 from Webber Wentzel, legal representatives appointed by OUTA, stating concerns on a range of issues. The concerns were individually considered fully, including whether or not BnP Capital was in possession of a valid FSB licence as a financial service provider.

7. On 08 July 2016 (the very next day) SAA contacted BnP Capital to enquire specifically about claims that had been made involving the latter's FSB licence. BnP Capital duly responded to SAA enquiries.

8. On 20 July 2016, after considering all relevant information received from BnP Capital, SAA management took a decision to terminate all BnP services to the airline as a prospective financial service provider in relation to SAA's initiative on debt consolidation. No payments had been made to BNP Capital. The decision to terminate the service was arrived at after a review of the award to BnP Capital.

9. On 05 July 2016 SAA Treasurer, Ms Cynthia Stimpel was placed on suspension by SAA management. She has been suspended for misconduct as she had acted in contravention of SAA's code of conduct. The decision to suspend her had nothing to do with media reports suggesting that she had allegedly objected to SAA's decision to award a tender to BnP Capital. Her suspension remains in place pending the finalization of an investigation and a possible institution of a disciplinary hearing. Mr Michael Kleyn has been appointed as acting Group Treasurer.

SAA remains committed to ensuring that the financial management of the entire group improves and the airline's finances are turned around. In doing so, SAA also welcomes within the confines of the law (including its internal procedures) any report of a whistle-blower.

Employees are reminded that disclosures in terms of the prevailing law are protected if they pertain to information about impropriety and have been made to the right person, according to the scheme established by the Protected Disclosures Act 26 of 2000 (PDA). Leaks of information by employees to entities which do not qualify in terms of the provisions of the PDA do not constitute protected disclosures under the PDA..... **For the FULL ARTICLE please subscribe to our digital edition.**

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SAA whistleblower heading to CCMA

Aug 23 2016 19:39 Carin Smith

fin24

Cape Town - South African Airways (SAA) representatives have agreed to refer a case against whistleblower Cynthia Stimpel to the Commission for Conciliation, Mediation and Arbitration (CCMA), according to a statement issued by the Organisation Undoing Tax Abuse (Outa) on Tuesday.

In July SAA suspended treasurer Stimpel for misconduct as "she had acted in contravention of SAA's code of conduct". The airline denied its decision to suspend her had to do with media reports suggesting she had allegedly objected to SAA's decision to award a tender to "boutique financier" BnP Capital.

READ: SAA suspends treasurer amid management turmoil

On 19 July, **News24 exclusively revealed** that SAA's controversial appointment of BnP Capital was not only expensive, but also put on hold an approved banking tender to Nedbank. The report revealed that SAA's board approved the awarding of banking services to Nedbank on May 27, for five years, at an estimated cost of R278m.

But the awarding of this contract would be on condition that the "Nedbank contract [be] deferred subject to [the] debt consolidation process finalisation". BnP Capital was appointed to advise SAA on how to restructure its R15bn debt.

This would be done for a fee of R256m - even though Stimpel said it could be done at a fraction of the cost, according to the report. BnP Capital won the contract in March ahead of several well-established companies including Nedbank, Regiments and Deloitte & Touche.

(iStock)

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At the time Outa claimed that SAA chairperson Dudu Myeni was among board members who voted to hire BnP without a tender.

SAA subsequently decided to **terminate the services of BnP Capital** as transaction adviser and its appointment to source funds on behalf of the airline.

Outa said on Tuesday representatives of SAA "capitulated at the last minute in the Labour Court" and agreed to refer the case to the CCMA.

"SAA wanted Stimpel to give an undertaking that she would not launch any further court proceedings relating to one of the charges and to pay the costs of the court application. Neither of these requests had been acceded to and the matter will now be heard by the CCMA in the near future," said Outa.

Outa added that it has established a crowd-funded whistleblower protection programme to defend whistleblowers against any victimisation tactics that may be implemented by employers, including

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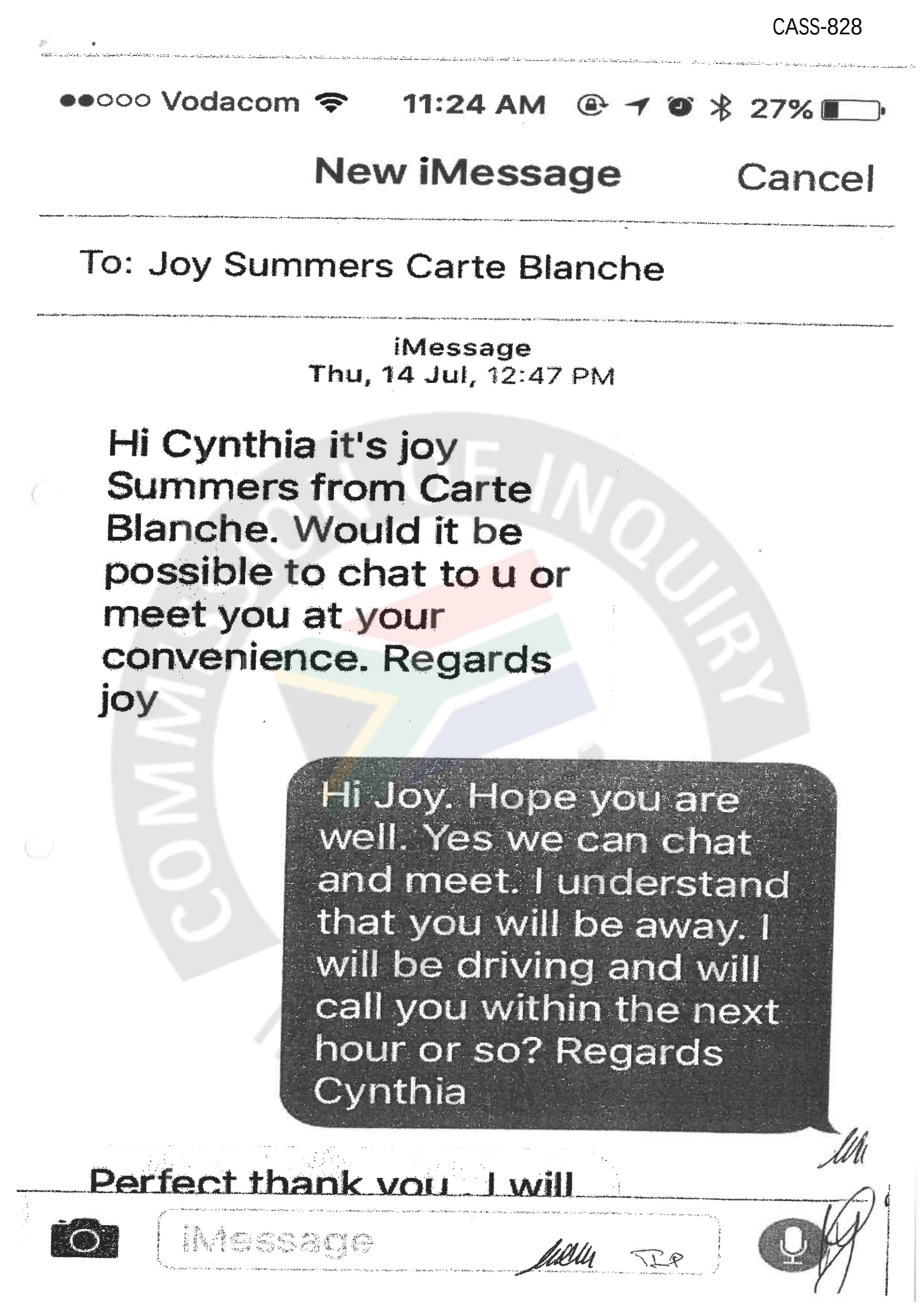

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To: Joy Summers Carte Blanche

iMessage
Thu, 14 Jul, 12:47 PM

Hi Cynthia it's joy Summers from Carte Blanche. Would it be possible to chat to u or meet you at your convenience. Regards joy

Hi Joy. Hope you are well. Yes we can chat and meet. I understand that you will be away. I will be driving and will call you within the next hour or so? Regards Cynthia

Perfect thank you . I will

iMessage

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New iMessage

CS23
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To: Joy Summers Carte Blanche

convenience. Regards
joy

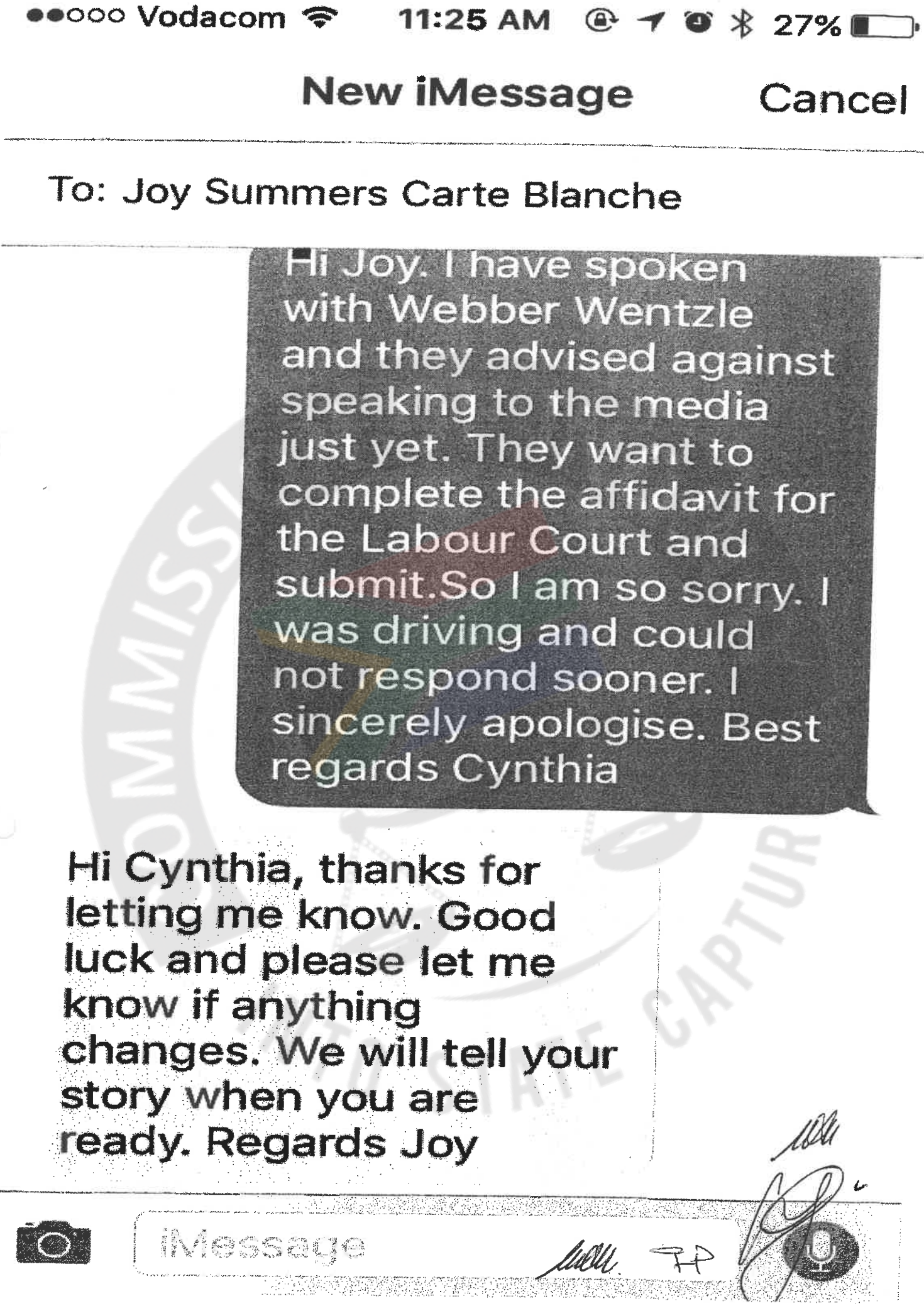
Hi Joy. Hope you are well. Yes we can chat and meet. I understand that you will be away. I will be driving and will call you within the next hour or so? Regards Cynthia

Perfect thank you . I will await your call

Fri, 15 Jul, 2:00 PM

Hi Cynthia just confirming we will see u at 9am Tuesday. I am

iMessage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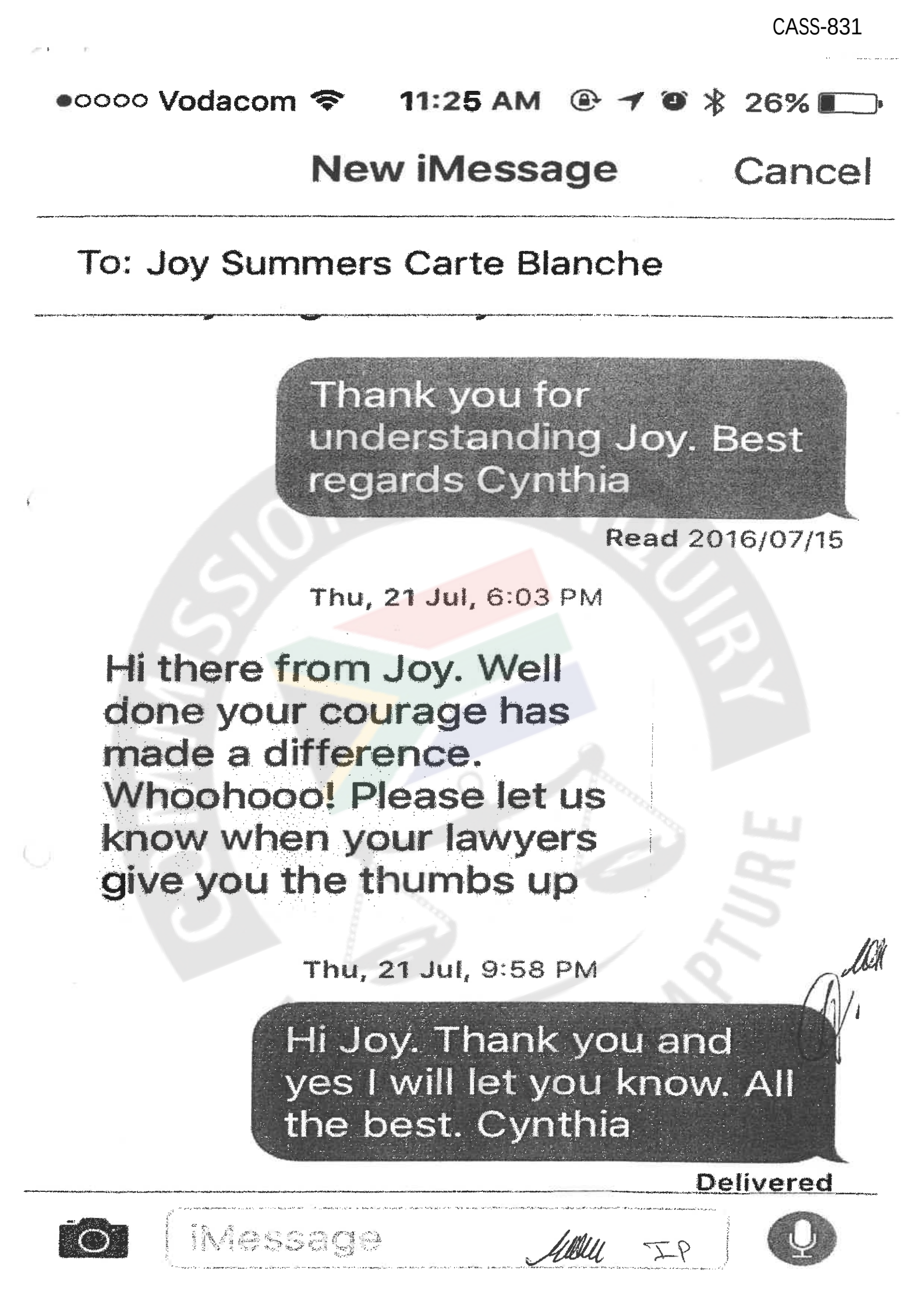
To: Joy Summers Carte Blanche
Hi Joy. I have spoken with Webber Wentzle and they advised against speaking to the media just yet. They want to complete the affidavit for the Labour Court and submit.So I am so sorry. I was driving and could not respond sooner. I sincerely apologise. Best regards Cynthia
Hi Cynthia, thanks for letting me know. Good luck and please let me know if anything changes. We will tell your story when you are ready. Regards Joy
iMessage



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New iMessage Cancel

To: Joy Summers Carte Blanche

Thank you for understanding Joy. Best regards Cynthia

Read 2016/07/15

Thu, 21 Jul, 6:03 PM

Hi there from Joy. Well done your courage has made a difference. Whoohooo! Please let us know when your lawyers give you the thumbs up

Thu, 21 Jul, 9:58 PM

Hi Joy. Thank you and yes I will let you know. All the best. Cynthia

Delivered

iMessage

CASS-832
CSB 68

Media Statement
For Immediate Release

South African Airways terminates services of BnP Capital as its Financial Service Provider

JOHANNESBURG, 21 July 2016 - South African Airways has taken a decision to terminate the services of BnP Capital as a financial services provider to the airline. The effect of this decision means that SAA has terminated both its appointment of BnP Capital as Transaction Advisor and the appointment to source funds on behalf of the airline. The decision was communicated to BnP Capital yesterday.

It is important to contextualise SAA's decision and reflect on some key milestones in order to provide clarity on issues which had, intentionally or not, been conflated.

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of June from different lenders, management went out to look for a lender in order to avoid defaulting on our obligations when the loans became due and payable. After following a procurement process, a potential lender was identified but for reasons beyond SAA's influence and/or control, the lender withdrew even before the agreement was entered between the parties. Due to the confidential nature of the transactions and conditions attendant to those matters, SAA may not disclose the identity of the lender. The withdrawal was communicated by the potential lender to SAA in **April 2016**.

4. In light of the sudden withdrawal by the potential lender, SAA was faced with a predicament and had to consider on an urgent basis other alternatives to mitigate its risks associated with loans that were maturing within a month. In **May 2016**, SAA management followed a process provided for in the Supply Chain Management (SCM) Policy, to deviate from open tender and go on a confinement process. The process, which is also recognised by National Treasury as one of the justified methods under specified circumstances, was duly approved.

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Employees are reminded that disclosures in terms of the prevailing law are protected if they pertain to information about impropriety and have been made to the right person, according to the scheme established by the Protected Disclosures Act 26 of 2000 (PDA). Leaks of information by employees to entities which do not qualify in terms of the provisions of the PDA do not constitute protected disclosures under the PDA.

-Ends-

About South African Airways

South African Airways (SAA) is the leading carrier in Africa, serving 74 destinations, in partnership with SA Express, SA Airlink and its low cost carrier, Mango, within South Africa and across the continent, and nine intercontinental routes from its Johannesburg hub. It is a member of the largest international airline network, Star Alliance. SAA's core business is the provision of passenger airline and cargo transport services together with related services, which are provided through SAA and its wholly owned subsidiaries: SAA Technical; Mango its low cost carrier; and Air Chefs, the catering entity of SAA. SAA is the winner of the 'Best Airline in Africa' Award in the regional category for fourteen consecutive years and the winner of 'Best Airline staff in Africa' for four years. SAA has been named the coolest domestic airline at the Sunday Times Generation Next Awards.

For media information, please contact:

Tlali Tlali | HOD: Media Relations | Office of the CEO

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O.R. Tambo International Airport
1627

Cynthia Stimpel
c/o 4th Floor, Airways Park
Jones Road
O.R. Tambo International Airport
Kempton Park

NOTIFICATION TO ATTEND A DISCIPLINARY HEARING

1. You are hereby given notice to attend a Disciplinary Hearing in terms of SAA Disciplinary Code and Procedure for Management Employees (copy, which is attached hereto and marked "A").

2. The alleged misconduct is fully outlined in the Charge Sheet, which is attached hereto and marked "B". In brief, the alleged misconduct include the following:

   2.1. Unauthorised possession and removal of company documents.

   2.2. Insolence.

   2.3. Breach of substantive provisions of the contract of employment, including the confidentiality undertaking.

   2.4. Breach of SAA's Anonymous Reporting Policy.

3. The Disciplinary Hearing will take place on 05 August 2016 at 09:00am, Boardroom B5 Left, Airways Park, Jones Road, Kempton Park.

4. You are reminded of your rights, which include the right to:

IP PJ

4.1. be represented by a fellow employee or other person of your choice;

4.2. cross examine evidence presented by the employer;

4.3. present evidence on your behalf in the form of documents or through witnesses; and

4.4. if found guilty, present any relevant circumstance in mitigation in determining the appropriate sanction.

5. You are expected to inform your representatives as well as your witnesses of the time and venue for the Disciplinary Hearing, so that they may make the necessary arrangements to be released from duty or any other commitment, as may be required.

6. The provision of article 7.4 of the SAA's Disciplinary Code and Procedure for Management Employees is hereby waived for this Disciplinary Hearing. However, if you choose to be represented by an external person who is not a fellow employee or member of your trade union, all the costs associated with the appearance of such a person will be for your own account.

7. Any bundle of documents which the parties may wish to use and rely on during the Disciplinary Hearing shall be exchanged by no later than close of business on 29 July 2016. In this regard, the Employee is informed to collect the Employer's bundle of documents at 15h00 on 1 August 2016.

8. Should you fail to attend the Disciplinary Hearing without any good reason being given in advance, it may be conducted in your absence.

9. The Employer has decided to appoint external persons who will act respectively, as the Presiding and Disciplinary Officer at the scheduled hearing.

I, **Cynthia Stimpel** hereby acknowledge receipt of this notice to attend the Disciplinary Hearing and all other annexures hereto.

C Stimpel	27/7/2016	15H10
EMPLOYEE SIGNATURE	**DATE**	**TIME**

IP

PJ 2

EMPLOYER REPRESENTATIVE SIGNATURE

27/7/16
DATE

15:15
TIME

Cynthia Stimpel has been informed verbally and/or in writing of the allegations, the Disciplinary Hearing and her rights set out herein above.

WITNESS SIGNATURE

27/7/16
DATE

1546
TIME

NAME: M MANGELE

IP

CASS-840
CSB 70

IN THE DISCIPLINARY ENQUIRY HELD AT JOHANNESBURG

In the matter between:

SOUTH AFRICAN AIRWAYS (SOC) LIMITED Employer

and

MUSA ZWANE First Employee
PHUMEZA NHANTSI Second Employee

FINDINGS

Introduction

1. On 20 April 2018, I directed that the disciplinary proceedings commenced by the employer separately against both employees be consolidated, alternatively heard together. The parties presented their respective cases at a consolidated hearing. In making the aforesaid ruling, I had regard to convenience and a paramount consideration was to avoid unnecessary costs, bearing in mind that it is the taxpayer that funds the employer.

2. The delays in the matters were not occasioned by me, but by the parties.

The parties

3. The employer is the South African Airways (SOC) Limited (**"SAA"** or **"the employer"**). It is the flag carrier airline of South Africa. For purposes of this hearing, it is, however, necessary and as will become clearer having regard to the issues in the matter, that I say something about SAA's financial woes. The last two decades has seen this organ of state[1] cost the taxpayers a fortune. Turning to the present – the new CEO, Mr Vuyani Jarana, recently reported to Parliament that SAA's fourth quarter was not a good quarter. SAA reported a loss in excess of R1.2 billion. I was informed by Mr Zwane of Cliffe Dekker Hofmeyr, representing the employer, that SAA's annual turnover is R30 billion a year.

4. The immediate future is bleak. SAA intends to break even by 2021. This substantially depends on funding for working capital of R12.5 billion, reported Jarana. Of course, this is further dependent on ensuring that the airline operates efficiently, professionally and cost-effectively. In short, it needs good people to operate the airline.

5. The first employee is Mr Musa Zwane (**"Zwane"** or **"the first employee"**). On 1 November 2010, Zwane was appointed CEO of South African Airways Technical (SOC) Limited (**"SAAT"**), a wholly owned subsidiary of SAA. SAAT is responsible for the maintenance and overhaul of aeroplanes operated by SAA as well as aeroplanes of third party customers. In

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1 SAA is listed as a major public entity in Schedule 2 of the Public Finance Management Act, 1 of 1999 ("PFMA").

IP

November 2015, Zwane was appointed as Acting CEO of SAA which position he fulfilled until the end of October 2017, whereafter he returned to his position of CEO of SAAT. Prior to 1 November 2010, he was the managing director of Sasol Gas.

6. The second employee is Phumeza Nhantsi (**"Nhantsi"** or **"the second employee"**), a chartered accountant, who took up permanent employment with SAA in the position of Chief Financial Officer (**"CFO"**) on 1 May 2017. This is the position she presently occupies. Prior thereto, she climbed the ranks at Sizwe Ntsaluba Gobodo (**"SNG"**), registered auditors and accountants, after having done under-graduate work at the University of Transkei and graduate work at the University of KwaZulu-Natal. Whilst a senior executive at SNG, she was seconded to SAA in the financial division and, as stated above, became the CFO since 1 May 2017. Prior thereto and whilst on secondment from SNG, she acted as interim CFO of SAA.

7. The events that give rise to the charges formulated against both employees took place in the period April to July 2016. Both employees were given notices to attend disciplinary enquiries containing the particularities of wrongdoing in March 2018, and at which time they were also suspended from work on full pay. It is necessary to explain the delay. As a result of concerns raised by civil society,[2] an investigation was conducted by Attorneys Mothle Jooma Sabdia Inc (**"MJS"**) of Pretoria into alleged impugned conduct of SAA's CFO, Phumeza Nhantsi. This culminated in a

[2] OUTA, the SA Pilots Association and the media.

250- page report dated 24 October 2017 by MJS. It is fair to say, I think, having perused the documentation as part of substantial bundles placed before me that but for a vigilant concerned segment of civil society, the alleged wrongdoing would probably have gone unnoticed, unaccounted for and with no consequential relief.

The allegations of wrongdoing

8. The notices to Zwane and Nhantsi to attend disciplinary hearings are attached hereto marked **"X1"** and **"X2"** respectively. The particulars in support of the charges against both employees are substantially the same and no purpose would be served in repeating the contents thereof.

9. For purposes of this hearing, I am not going to make any finding on charge 2. This charge in respect of both individuals contemplates that as senior employees they should have taken steps to report corrupt practices on the part of BNP Capital (Pty) Limited (**"BNP"**), to the Directorate for Serious Economic Offences, as is contemplated in section 34 of the Prevention and Combatting of Corrupt Activities Act 12 of 2004. I decline to spend much energy on this charge for two principal reasons: First, I am not informed whether SAA has in fact reported BNP to the authorities. If not, why not, bearing in mind the contention of SAA that the two accused employees were directly or indirectly advancing the interests of BNP. Secondly, in my experience very little is achieved by reporting criminal conduct to the authorities.

I.P

10. To evaluate why the authorities are so ineffective in dealing with complaints is probably a chapter on its own and unnecessary for purposes of these findings. I do not want to spend much energy on a charge which has no great moment in the grand scheme of things.

11. There was much debate before me as to whether BNP had, *prima facie* speaking, committed fraud or any other criminal conduct which triggered the requirement for the two accused employees to make the report in terms of section 34 of Act, 12 of 2004. *Prima facie*, BNP has misrepresented its ability, legally speaking, to have entered into the relationship with SAA because it was not in law qualified to do so. This is an aspect dealt with more fully below. Thus, I am surprised that it can be contended that there was no obligation to make the report or complaint as prescribed in legislation. However, for the reasons articulated above, I absolve the two employees from this charge. Bearing in mind that the board of SAA has tasked me with the responsibility of chairing the hearing and bringing this matter to finality, I have assumed the power to so absolve them. After all, in this position, I sit in place of the board or as an agent of the board and its executives.

12. Insofar as the remaining charges are concerned, I think it is necessary to sketch the material facts which resulted in the events being focussed in the public domain. It will become apparent from these facts that there was a lack of accountability and steps had to be implemented to deal therewith. It may be that upon careful scrutiny that one or more of the charges may be

J.P

the classical example of splitting of charges because of overlapping factual issues and I will deal with the wrongdoing (if any) after having scrutinised the factual averments making up the charges.

A chronology of the material facts

13. On 20 August 2015, the then board of SAA comprising its chairperson, Ms Duduzila Myeni (**"Dudu Myeni"**), Dr JE Tembi, Ms Yekho Kwinana, Mr AD Ebcon and Mr Wolf Mayer resolved, *inter alia*, to issue an RFP for long-term funding to banking and non-banking financial institutions for the financing of a total amount of R15 billion in order to consolidate the current debt portfolio of SAA. This was in response to SAA's cash and liquidity risk position as contemplated in March 2016.

14. The minutes of the board meeting of 27 November 2015[3] reflect, *inter alia*, seven institutions that tendered in response to the RFP. This included three South African banks, Standard Bank, Absa Bank and Nedbank which together could provide R4.3 billion over a period of 3 – 7 years. The preferred tenderer was Seacrest Investments 115 (Pty) Limited (**"Seacrest"**) which held out that it could provide R15 billion over a 10-year period at a fixed rate of 5.6% per annum.

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3 *Employer's bundle ("EB"): Part C* – pages 89-97

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15. The resolution section of this minute approves Seacrest as the preferred tenderer and in the event of the Seacrest transaction not being concluded, then the aforementioned three South African banks as the second successful tenderer.

16. The following two persons were authorised to finalise the transaction, namely the Acting CFO or HOD: Financial Accounting and Mr Zwane, the Acting CEO.

17. I must point out that subsequent to this, the two people who ran with this project was the first employee who had become the Acting CEO of SAA in November 2015. Thus, he was barely a month in this position and having adopted this mammoth task. The other person, being the second employee, the CFO who took up the position of CFO on 1 May 2017 and prior thereto was Acting CFO or referred to interim CFO in the documentation. They were by now entrusted by the board to undertake what I must emphasise is dramatic in terms of the impact the decision would ordinarily have on the South African economy. R15 billion is serious money and sourcing the funds abroad has major implications for the economy because it is borrowing on behalf of the government.

18. The Seacrest transaction could not materialise because upon due diligence it was found that it had no funding, but relied on funding on an Russian outfit known as Grissag.

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19. The involvement of Grissag did, however, not end with the non-qualification of Seacrest. Dudu Myeni intervened and introduced the Free State Development Corporation (**"FDC"**) to take the place of Seacrest as the preferred bidder. The FDC would now source the money from Grissag in Russia.

20. On 3 December 2016, the SAA board authorised the two employees before me to take the necessary steps to negotiate, conclude and execute a R14 billion loan offer received from the FDC.

21. On 15 January 2016, the interim CFO, Nhantsi, motivated for the appointment of a "Transactional Adviser" (**"the TA"**) regarding the R15 billion consolidated debt restructuring exercise. The functions to be formed by the TA is described as follows:

> "2.1 TA will analyse all the loan agreements that are currently at SAA's disposal;
>
> 2.2 TA will determine which of the total funding of R14bn is inefficient, either because it is expensive, encumbers SAA's ability to raise further funding because of the attached government guarantee requirement or the tenure not being suitable for SAA's Financial turnaround strategy;
>
> 2.3 Will advise SAA on how to restructure its balance sheet through the settlement of inefficient loans;

2.4 Will advise SAA of the strategic loans that, on the face of it appears to be inefficient, however for strategic reasons, it will be important for SAA to keep the loans in place, for example if these represent "equity" funding that shores up SAA's balance sheet; and

2.5 Will analyse the current SAA's leases, the majority of which exposes SAA to the hard currency exchange prejudices, given that approximately 60% of SAA's revenue is US$ denominated. With the new 5 A330s that will commence shortly, will result in approximately 85% of SAA's expenses to be US$ denominated, & recommend to SAA of options to restructure these leases to lessen their burden on SAA."

22. From the seven tenderers which included Deloitte & Touche and Nedbank, BNP was appointed as the TA. Very little is known about BNP save that its director is one Daniel Mahlangu (**"Mahlangu"**). Nor is it explained why a TA was required at this stage and whether BNP had the required gravitas to raise R15 billion[4] for a cash-strapped highly subsidised SAA operating on the goodwill of the government of day from state funds and in respect of which South African commercial banks had lost confidence in its ability to operate profitably and pay its debts.

23. On 25 May 2016, the Minister of Finance, Mr Gordhan, brought to a stop any further negotiations for raising funds from FDC. This is understandable because FDC is part of government and funded by government and the whole idea of it funding the SAA debt is in a word ludicrous. The reasoning

4 More of this later in the findings.

articulated herein is mine and not that of the Minister. The Minister's reasons are set out in his letter addressed to Dudu Myeni. I am critical because if SAA defaults on any loan sourced by the FDC, the ultimate responsibility is that of government which is funding SAA – the whole transaction makes no commercial or any other rational sense.

24. For the two employees, however, this gave rise for a further opportunity in the interest of BNP. BNP was appointed to source the funding of R15 billion for SAA at a fee of R225 million. The appointment was made without compliance with the usual tender process because it was reasoned that without sourcing R15 billion, SAA will not survive in that some R7.4 billion was payable by SAA to its bankers in the course of the next two months. The deviation from tender law principles[5] is startling, bearing in mind that very little is known about BNP.

25. On 19 April 2016, the CEO approved the Bid Evaluation Committee's request to appoint BNP to provide financial advisory services to SAA at an estimated costs of R2,669,830 (VAT included) (R2.66 million).

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5 Section 217 of the Constitution of the Republic of South Africa guarantees fair, equitable, transparent, competitive and cost-effective procurement processes. Fairness is inherent in the tender procedure. "It's very essence is to ensure that, before government, national or provincial purchases goods or services, or enters into contracts for the procurement thereof, a proper evaluation is done of what is available and at what price, so as to ensure cost-effectiveness and competitiveness. Fairness, transparency and other facts mentioned in Section 217 permeate the procedure for awarding or refusing tenders". (See: **Logbro Properties CC v Bedderson N.O. & Others** 2003 (2) SA 460 SCA; **Steenkamp N.O. v Provincial Tender Board Eastern Cape** 2007 (3) SA 121 CC).

26. On 25 April 2016, BNP was informed that it was awarded the contract for the provision of financial advisory services at the total cost of R2.66 million. The letter informing BNP is erroneously dated 20 March 2016, it should be 20 April 2016 and received by the Director of BNP on 25 April 2016.

27. By way of letter dated 25 May 2016, being the same day when the Minister's letter disqualified FDC,[6] BNP is congratulated that it is appointed as the agent of SAA to source R15 billion. The letter itself is received by Mahlangu, it would appear, on 3 June 2016.

28. Significantly on 25 May 2016 (**EB: Part C** – page 146), the CEO of BNP acknowledges receipt of the award and accepts the award, but inserts a further condition that should *"SAA decide to unilaterally terminate our services, ahead of us fulfilling our mandate, for whatever reasons on any matter outside of our control, a cancellation fee of 50% of all the fees per our proposals to SAA, shall become due and payable in 5 working days following the cancellation notification date"*. I have not seen any proposals, but will revert to this matter later.

29. The award letter dated 25 May 2016 addressed by SAA to BNP and received by Mahlangu of BNP on 3 June 2016 in which BNP is congratulated on being awarded the contract for the sourcing of funds for SAA does not stipulate the amount to be payable to BNP. That is to be found in a document titled "Request for SAA Board approval to confine and

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6 Minister Gordhan's letter is dated 25 May 2016. *EB: Part C* – page 170

award the contract for the sourcing of funds for the SAA to be BNP" dated 18 May 2016 and to be found at pages 131-133 of the Employer's Bundle.

30. The document is signed by four people, the commodity manager, the chief procurement officer and the first and second employees and dated 18 May 2016. It recommends that the SAA board approved the request to confine and award the contract for the sourcing of funds for the SAA to BNP, at an estimated total cost of R256,300,000 (**"R256 million"** or **"quarter billion rand"**). All of the board members who consented to this award, for reasons apparent in these findings, are not worthy to serve on any board of state-owned entities.

31. It follows from the chronology that a month after (to be precise 19 April 2016), the appointment of BNP to provide financial advisory services to SAA at a cost of R2,66 million, BNP is then awarded between the period 18 May and 25 May 2016 a further contract to source funds at a cost of a quarter billion rand. The latter without any compliance of tender law principles dealt with in paragraph 24 and footnote 5 above.

32. In *Allpay*,[7] the highest Court of the land made the following observation in dealing with deviations from procurement processes. *"There is a further consideration. As Corruption Watch explained, with reference to international authority and experience, deviations from fair process may themselves all too often be symptoms of corruption*

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7 *Allpay Consolidated v CEO, SASSA* 2014 (1) SA 604 at paragraph 27 at 615

or malfeasance in the process. In other words, an unfair process may betoken a deliberately skewed process. Hence insistence on compliance with process formalities has a three-fold purpose: (a) it ensures fairness to participants in the bid process; (b) it enhances the likelihood of efficiency and optimality in the outcome; and (c) it serves as a guardian against a process skewed by corrupt influences."

33. By way of letter dated 31 May 2015, Mahlangu of BNP motivates the cancellation fee of a quarter billion rand.[8] I am unpersuaded that, by this time, BNP had already incurred costs and disbursements. The decision to award the contract to BNP is dated 25 May 2016 and received by Mahlangu on 3 June 2016. The letter of award is subject to three conditions, framed vaguely, imprecisely and at best creates uncertainty. But it cannot be suggested that the letter of award dated 25 May 2016 creates a binding agreement although that seems to be the import of the letter by reference to the imprecise nature of the conditions. This was probably deliberate to promote BNP's interests.

34. The letter of award is not the usual letter of award utilised by organs of state which is emphatic that until a written agreement (usually referred as a supply level agreement) incorporating the terms and conditions is concluded, there is no agreement.

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[8] *EB: Part C – page 147*

35. In spite of this and on 2 June 2016, the CFO informs Mahlangu that she will put his proposal for a cancellation fee of 50% in the event of SAA terminating the mandate to the board for the board's decision.

36. The subsequent events are chilling.

36.1. No payments are made to BNP because of media reports in the Business Day "exposing" the transaction itself. I will revert to why I designedly use the word "exposing".

36.2. The Acting CEO, Zwane, testified under oath that he was contacted by Dudu Myeni to enquire why payment could not be made to BNP. He informed her that his limit for making payment was R50 million and therefore any payment beyond R50 million required board approval.

36.3. He testified that she put him under pressure to pay to BNP the amount of R50 million.

36.4. On 2 June 2016 a document is prepared by the second employee and addressed to the SAA board titled "Request for Acting CEO and Board to approve the cancellation fee that the Transaction Advisor will require should SAA terminate the mandate of sourcing

the funds".[9] This is for a cancellation fee of 50% in the event SAA terminating BNP's mandate.

36.5. By this time, BNP's inability to perform is in the public domain. But on 4 July 2016, both employees motivate payment of R49,900,000 to BNP as a "cancellation fee".

36.6. The relevant document[10] titled "Request for Acting CEO and board to approve the cancellation fee that the TA will require should SAA terminate the mandate to source funds" is signed by both employees and under paragraphs 3 and 4 appears the following:

> "3. **RECOMMENDATION**
>
> 3.1 That the ACEO and the Board approve the cancellation fee should SAA terminate the mandate of sourcing the funds.
>
> 4. **FINANCIAL IMPLICATION**
>
> An amount of R49,900,000 will be payable to BNP Capital (Pty) Ltd."

36.7. The aforesaid recommendation is signed by the interim CFO, the second employee and the Acting CEO, the first employee, respectively on 6 and 7 July 2016. Both of them knew that the

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9 *EB: Part C* – pages 144-145

10 *EB: Part C* – pages 154-155

money is not payable. There is no legal basis to make this payment to BNP and in fact there is no moral or any other basis as to why such payment must be made. This is a clear sham and the two employees knowingly participated in a scheme or course to procure payment from the employer for a third party in respect of which the third party is not entitled to payment.

36.8. On 8 July 2016, Mahlangu, the director of BNP writes to the CFO that BNP received a letter from the Financial Services Board (**"FSB"**) dated 12 May 2016 indicating its intention to temporary suspend BNP's licence for a period of 3 months based on the reason that according to the Financial Advisory and Intermediary Services Act, No, 37 of 2002 (**"the FAIS Act"**), the key individual failed to successfully complete the first level regulatory examinations applicable to the category for which they are authorised or approved.

36.9. In response on 13 July 2016, the second employee, under her title interim CFO, calls upon Mahlangu to make available the correspondence which BNP received from the FSB.

36.10. By way of letter dated 20 July 2016, the Acting CEO gives notice to BNP that SAA terminates BNP's appointment to provide SAA with financial advisory services and to source funds on behalf of SAA as BNP did not have a valid FSB licence.

I.P

37. In the interim, two important aspects need to be recorded. First, by way of letter dated 18 April 2016, the Deputy Registrar of FSB had informed BNP that its licence to act as a financial services provider in terms of section 9(1) and (2) of the FAIS Act is suspended. BNP was afforded an opportunity to provide reasons to the Registrar as to why the withdrawal of its authorisation should not be effected.[11] Significantly it follows that at all material times when BNP is interacting with SAA, it omits to inform SAA that its activities are illegal.

38. Secondly, by way of email dated 25 May 2016, Cynthia Stimpel, the group treasurer in finance at SAA, informed the CFO that a fee of R256 million to source the funds were exorbitant as preliminary investigations indicated that the banks would charge R85 million inclusive of VAT for this function. In short, SAA was overpaying R171 million.

Analysis

39. On 27 November 2015, the then board of SAA, under the leadership of Dudu Myeni, authorised the acting interim CFO and the acting CEO, the employees before me, to appoint the successful bidder as recommended in paragraph 32 of the resolution and conclude, execute and sign on behalf of SAA, the term loan agreement for an amount not exceeding R15 million with Seacrest.[12]

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11 *EB: Part C* – pages 114-118

12 *EB: Part C* – pages 89-96

40. Both employees should have appreciated soon thereafter that this substantial transaction was fraught with irregularities if not sinister innuendos. It was soon discovered that Seacrest had no substantial assets and was a conduit. It in turn relied on a Russian based entity, Grissag, to fund the debt.

41. Simple common sense will dictate that if Grissag was to provide the funding then it required guarantees (which was not available) and would expect a better return than the banks. This negates any calculations Nhantsi suggests that there would have been a savings in interest charges. An outsider providing funding normally within the preserve of the financial institutions would have a rate of interest higher than that charged by the financial institutions. It is astonishing that Nhantsi could believe that Seacrest would moreover provide an interest free break to ease the financial plight of SAA. Her evidence that Seacrest would ensure that in the first 5 years or so of the loan period the interest would be limited to payment quarterly instead of monthly and that there would be some R500 million of savings in interest is too good to be true. I need say no more of this because it has all the hallmarks of innocent people being suckered into Ponzi schemes with promises that never mature.

42. In any event, Seacrest failed basic due diligence and Nhantsi never investigated the credibility of the source of the financier, Grissag. It was also too convenient and sinister to accept the instruction of the chairperson, Dudu Myeni, that the FDC, an organ of state, and the investment arm of the

COMMISSION OF INQUIRY INTO STATE CAPTURE

Free State Province would step into the shoes of Seacrest. FDC too was relying on Grissag for funding. Nhantsi's only investigation was that they were two farmers in the Free State of Afrikaans descent who had the connection with Grissag. It never occurred to her to investigate this matter any further. Her meeting with the farmers and her knowledge of the matter of the source of the funds was limited to one of the farmer's name, being a Van der Merwe. How can this be of any assistance? I know at least six Van der Merwe's practising as advocates in South Africa. Thus, for her to actually believe that there was merit in this transaction with the only knowledge that a Russian outfit will provide the source of funds through the office of a Van der Merwe, a farmer in the Free State, demonstrate the parlous state of affairs at SAA in terms of governance and functionaries who run this august airlines.

43. I have grave difficulties understanding why the two employees before me did not distance themselves from this transaction other than to promote their own interests. It has all the hallmarks of a plot to attempt to enrich those in control of SAA at the expense of SAA and the taxpayer.

44. The interim CFO was rewarded – she became the permanent CFO on 1 May 2017 whilst the SAA was under the control of Dudu Myeni. On the probabilities, Zwane was moved from SAAT to act in the prestigious position as Acting CEO of SAA because he was pliable.

The appointment of BNP as TA

45. It is clear that no periphery (let alone proper investigation) was conducted as to the reputation, competence, reliability and, most importantly, honesty of BNP.

46. BNP was awarded the contract as TA. I have difficulties understanding why Nhantsi, a professional chartered accountant, could not perform the functions required of the TA. She could have easily recruited the services of her employer while she was an interim CFO, namely SNG for any expertise or capacity that was lacking in SAA to undertake the task.

47. Any periphery investigation ought to have revealed that BNP was not credited with the FSB. Its status not only being dubious, but illegal.

48. The quantum leap in BNP's appointment as TA for a fee of R2.66 million to a staggering fee of a quarter billion rand a month or so later without compliance with any credible procurement process is bizarre in the circumstances, and have all the hallmarks of corrupt activities.

49. The steadfast refusal of the CFO to interrogate and investigate the enormity of the fee of R256 million in the face of advice from Treasury, namely Cynthia Stimpel (**"Stimpel"**), that the amount appears *prima facie* to be substantially above market-related prices must cast doubt on the integrity of the CFO in the face of all the material factual considerations. I think her referral to her former employer SNG for an indication of the amount charged

by fundraisers is far more hypothetical than Stimpel's endeavours to save unnecessary costing in the face of an airline struggling to make ends meet.

The recommendation for a cancellation fee of R49,900,000

50. Both employees testified that they used the format of SAA board's draft minute pre-prepared packs which provides for the methodology to read as a recommendation, but does not mean it is what those who are making the recommendation intend it to be their recommendation.

51. I find this horrendous. I understand the Acting CEO's version under oath that he voted against the payment. I also appreciate the CFO's version that she abstained. In fact, the other two board members at the time abstained and the only person who voted in favour of this payment was Dudu Myeni, the chairperson of the board.

52. However, in my view, the Acting CEO and the CFO must conduct themselves as the leaders in the management of SAA. That is exactly what they were. They signed a document which reads that they recommended the payment. Any outsider, be it a shareholder, other officials, members of Treasury and any concerned South African will read the document as it provides, namely that it was the recommendation of these two officials that payment be made. The same reasoning must apply in respect of the recommendation made by these two employees on 18 May 2016 to award the sourcing of funds contract to BNP for a staggering R256 million. The

T.P

directors' resolution to this effect reads in similar terms dated 21 May 2016 (*EB: Part C* – pages 135 and 137).

Critical conceptual *prima facie* finding

53. Having regard to the objective facts of the matter, I am of the *prima facie* view that the then chairperson, Dudu Myeni, orchestrated the entire transaction commencing with the funding of the R15 billion debt for an untoward purpose. The purpose being to involve BNP and enrich BNP and on the probabilities to share in ill-gotten financial proceeds to the detriment of SAA. Had it not been for a vigilant sector of civil society, this would probably have succeeded.

54. The findings are "on the face of it" because I am aware that Dudu Myeni has not been given an opportunity to test the case against her and to present her own case. Ours is now a system based process and sometimes process undermines the pursuit of the true facts. This is such an instance; Dudu Myeni will probably avoid scrutiny because she does not want to account for her conduct. Nevertheless, I accept that she is entitled to be heard. I am, however, not confident that there is political will or functional capacity to pursue Dudu Myeni where she will be held accountable for her conduct, implicit in which is that she will be afforded the protection of natural justice.

55. Our Courts have found the guiding principles in drawing appropriate inferences, which I have done, to be as follows:

55.1. The adjudicator can only correctly draw an inference on a balance of probabilities if it is the most readily apparent and acceptable inference from a number of possible inferences (*Ocean Accident & Guarantee Corporation Ltd v Koch* 1963 (4) SA 147 (A) at 159B-E).

55.2. Inferences must be drawn from the proven facts (established by direct evidence) and not assumption, speculation, contention or submission (*Imperial Marine Co v Deiulemar Compangnia Di Navigazione SPA* 2012 (1) SA 58 SCA para 24).

55.3. Inferences must further be consistent with the proven facts and must be drawn from an assessment of all the evidence, not only parts thereof (*SA Post Office v De Lacy* 2009 (5) SA 255 SCA para 29 and 35).

56. I am satisfied that the inferences I rely upon drawn from prudent facts and assessments of all the material evidence warrants the finding I have made. The finding is important to assess the conduct of the two employees. I now turn to the charges.

Musa Zwane

57. In terms of charge 1 and as all other charges, Zwane was the most senior employee at the material time. He was grossly negligent in not realising that the award of R15 billion contract under his watch to Seacrest and

thereafter to FDC was suspect. In these circumstances, he ought to have been alerted to the fact that BNP was probably irregularly appointed and the fee payable to it artificially inflated.

58. In terms of charge 3, I find him guilty of wrongful conduct in making a recommendation in which he believed was not warranted. But more importantly, his conduct demonstrates an individual who cannot be relied to a CEO of any company, let alone of the SAA, a major public entity funded by the taxpayer. On his own version, Dudu Myeni pressurised him to make a payment to BNP of monies not due to BNP. This is nothing short of theft. She enquired what his limit was to make payment and to reduce the payment amount to be within his limit. He resisted, but made the recommendation to the board. He took no steps to expose her.

59. In terms of charge 4, I would have expected a person in the form of the acting CEO to take issue with a format which says he is making a recommendation, but effectively it is not a recommendation. For purposes of my finding, I think charges 3 and 4 should be read together because, in my view, this employee yielded to pressure of his chairperson and sought to make payment of monies which would have been a fraud on the shareholder and ultimately the taxpayer.

60. In the result, I find Muza Zwane guilty of gross financial misconduct in relation to charge 1 and guilty of gross misconduct involving dishonesty in relation to charges 3 and 4 read together.

IP

Phumeza Nhantsi

61. In respect of charge 1, I find the second employee guilty of gross misconduct. She was, at all material times, the most senior employee dealing with the finances of SAA. She was prepared to run with the project to find funding of R15 billion. In so doing, she acted recklessly by following orders and not applying her own mind. I understand that she is not charged in respect of such conduct. The appointment, however, of BNP flows from the resolution to find a funder of R15 billion. By basic investigation, she would have appreciated that BNP is a front to extract funds from SAA illicitly. She went along with the charade and, in so doing, failed to have regard to the best interest of her employer. The payment of a quarter billion rand, in the circumstances, was not only exorbitant, but unjustified.

62. Insofar as charges 3 and 4 are concerned, I find the second employee's conduct to be wrongful and dishonest for the reasons already set out above.

Recommended sanction

63. South Africa can do better. Ordinary South Africans expect better from the rulers of the day. We cannot afford CEO's and CFO's who look after their own interests and not that of the citizens.

64. Both employees conducted themselves badly and dishonestly. Given an opportunity in cross-examination, they were adamant that they did nothing wrong. Their arrogance knows no bounds, in particular the second

IP

employee who tried to justify her conduct in the face of overwhelming objective evidence that she did wrong.

65. Mr Zwane is not CEO material and Ms Nhantsi has breached her ethical duties as a chartered accountant and CFO. Her conduct must be reported to the relevant authorities that regulate the conduct of chartered accountants.

66. From a labour law perspective, I have had regard to the Code of Good Practice in Schedule 8 to the Labour Relations Act, in particular item 3, paragraph 4. This is serious misconduct and, on the facts of this case, dishonesty which destroys the employment relationship. The employment relationship is regarded as one of the highest good faith.[13]

67. The success of any enterprise depends upon the absolute integrity and honesty of its employees, and any form of dishonesty or deception may have serious and far-reaching consequences, particularly at executive level.[14]

68. The concept of honesty in the employment context does not merely mean refraining from criminal conduct. It embraces any conduct which involves deceit (*Sappi Novo Board* at 787).

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13 *Counsel for Scientific and Industrial Research v Fijen* (1996) 17 ILJ 18 (A) at 26B-F; *Standard Bank of SA Ltd v CCMA* (1998) 19 ILJ 903 (LC) at 913E-H; *Sappi Novo Board (Pty) Ltd v Bolleurs* (1998) 19 ILJ 784 (LAC) at 7 and the authorities cited therein.

14 *JD Group Ltd v De Beer* (1996) 17 ILJ 1103 (LAC) at 1112-1113; *Carter v Value Truck Rental (Pty) Ltd* (2005) 26 ILJ 711 (SE) at 34

IP

69. The employees have not shown any remorse. Acknowledgment of wrongdoing is the first step towards rehabilitation. There is, in my view, no prospect on any basis for SAA and SAAT to keep these two individuals in their employment.

70. I recommend summary dismissal.

NA CASSIM SC
Chairperson

Chambers, Sandton
19 June 2018

COMMISSION OF INQUIRY INTO STATE CAPTURE

CS26

SOUTH AFRICAN AIRWAYS

A STAR ALLIANCE MEMBER

Supply Chain Management Policy

COMMISSION OF INQUIRY INTO STATE CAPTURE

September 2011
This policy contains 36 pages
SAA SCM Policy Version 2.0

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1. DOCUMENT DEFINITION

Version	
Date	February 2011
Summary	This document is the Supply Chain Management Policy applicable to South African Airways (Pty) Ltd and its subsidiaries, where applicable.

Proposed **Date:**

_____ _____

HEAD OF GLOBAL SUPPLY MANAGEMENT (SAA)

Recommended **Date:**

_____ _____

CHIEF EXECUTIVE OFFICER

Approved by the SAA Board of Directors **Date:**

_____ _____

Resolution

Effective date

Next revision date

1.1 DISTRIBUTION OF THE SUPPLY CHAIN MANAGEMENT POLICY AND AMENDMENTS

1.1.1 The Supply Chain Management policy and amendments shall be available to all the employees of SAA via the intranet or on request from the Global Supply Management unit.

1.2 AMENDMENT HISTORY

No	Version	Effective date	Amended section	Amendment reference
1	Version 1.0	1 March 2011	Total review	
2	Version 2.0	September 2011		1
3				
4				
5				
6				

1.3 THIS SUPPLY CHAIN MANAGEMENT POLICY DOCUMENT

1.3.1 This policy document gives effect to the legislation and the overall objectives stated, as it pertains to supply chain management (SCM).

1.4 POLICY REVIEW

1.4.1 The Head of Global Supply Management (GSM) is the accountable custodian of this policy document, except for section 25 for which the Head of Supply Chain SAAT is the custodian.

1.4.2 The SAA Board of Directors (the Board) is the principal owner and approver of this policy.

1.4.3 This document will be reviewed periodically for any possible amendments.

2. TERMINOLOGY

2.1 ABBREVIATIONS

AA	Accounting Authority
BAC	Bid Adjudication Committee
BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CEO	Chief Executive Officer
DOA	Delegation of Authority
DTI	Department of Trade and Industry
GSM	Global Supply Management
HDI	Historically Disadvantaged Individual
LCC	Life Cycle Costing
NIPP	National Industrial Participation Programme

OEM	Original Equipment Manufacturer
PFMA	Public Finance Management Act (Act 1 of 1999, as amended)
PPPFA	Preferential Procurement Policy Framework Act (Act 5 of 2000)
RFB	Request for bid
RFI	Request for information
RFP	Request for proposal
RFQ	Request for quotation
SAA	South African Airways (Pty) Ltd
SARS	South African Revenue Services
SAAT	South African Airways Technical (Pty) Ltd
SCM	Supply Chain Management
SITA	State Information Technology Agency (Pty) Ltd
SMME	Small, Medium and Micro Enterprise
TCO	Total Cost of Ownership
TOR	Terms of Reference

2.2 DEFINITIONS

ACCOUNTING AUTHORITY	Body or person mentioned in section 49 of the PFMA.
ASSET	It is movable and immovable resources controlled by an entity as a result of past events and from which future economic benefits or service potential are expected to flow to the entity.
COLLABORATIVE BUSINESS RELATIONSHIPS	An exchange of commercial or other privileges.
END-USER	The end-user is the person requiring a product/service from GSM.
DELEGATED OFFICIAL	The person delegated powers in terms of the approved Delegation of Authority.
FRUITLESS AND WASTEFUL EXPENDITURE	Expenditure which was made in vain and would have been avoided had reasonable care been exercised.
HIS	Refers to and includes both genders.
HISTORICALLY DISADVANTAGED INDIVIDUAL	Historically Disadvantaged Individual (HDI) means a South African citizen – who had no franchise in national elections prior to the introduction of the Constitution of the Republic of South Africa, 1983 (Act No 10 of 1983) or the Constitution of the Republic of South Africa, 1993 (Act No 200 of 1993) ("the Interim

	Constitution"); and/or who is a female; and/or who has a disability; provided that a person, who obtained South African citizenship on or after the coming into effect of the Interim Constitution, is deemed not to be an HDI.
IRREGULAR EXPENDITURE	Expenditure, other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation.
LIFECYCLE COSTING	Lifecycle costing is a technique developed to identify and quantify all costs, initial and ongoing, associated with a project or installation over a given period. Thus, it is a tool that forecasts the total cost of a purchase throughout its predetermined lifecycle.
PFMA	The Public Finance Management Act, 1999 (Act No 1 of 1999) as amended, as well as the National Treasury Regulations.
PROCUREMENT	Procurement is the process of purchasing of goods, works and services.
PUBLIC PRIVATE PARTNERSHIP	A Public Private Partnership (PPP) means a commercial transaction between an institution (public entity) and a private party as defined in Treasury Regulation 16.
RESPONSIBILITY	The obligation imposed on an individual to properly exercise the authority vested in him/her.
RISK MANAGEMENT	Risk management may be defined as the identification, measurement and control of risks that threaten the assets and earnings of a business or enterprise.
SMALL MEDIUM AND MICRO ENTERPRISE (SMME)	SMME is as defined in the National Small Enterprise Act, 102 of 1996, as amended.
SUPPLIER	A supplier is the juristic person or legal entity that provides goods, services or works to SAA.
SUPPLY CHAIN MANAGEMENT	The function that collaborates or integrates : Demand management. Acquisition management (including document management). Logistics management. Disposal management. Procurement risk management. Procurement performance management.
SUPPLY CHAIN MANAGEMENT PRACTITIONER	A person who practises supply chain management as a profession or any other official practising or involved with supply chain management.
VALUE FOR MONEY	Best value for money means the best available outcome when all relevant costs and benefits over the procurement cycle are considered.

3. LEGISLATIVE/REGULATORY ENVIRONMENT

3.1 GENERAL

3.1.1 SAA is committed to applying relevant legislative and regulatory requirements as they pertain to SCM.

3.2 THE CONSTITUTION

3.2.1 SAA shall apply section 217 of the Constitution of the Republic of South Africa, (Act No 108 of 1996, as amended) by contracting for goods and services in accordance with a system which is fair, equitable, transparent, competitive and cost-effective. SAA shall also implement a preferential procurement system.

3.3 THE PUBLIC FINANCE MANAGEMENT ACT (PFMA)

3.3.1 SAA shall apply the Public Finance Management Act, Act 1 of 1999 as amended by Act 29 of 1999 as it pertains to SCM, as applicable to a Schedule 2 Public Entity.

3.4 TREASURY REGULATIONS ISSUED IN TERMS OF THE PFMA

3.4.1 SAA shall apply the Treasury Regulations to the extent required by a public entity listed in Schedule 2 of the PFMA.

3.4.2 In terms of Chapter 16A of the Treasury Regulations pertaining to SCM, only the principles contained therein will be applied and not the letter of the regulations.

3.5 THE PREFERENTIAL PROCUREMENT POLICY FRAMEWORK ACT (PPPFA) AND ITS REGULATIONS

3.5.1 SAA shall apply the Preferential Procurement Policy Framework Act, (Act No 5 of 2000) and its regulations applicable to a Schedule 2 Public Entity.

3.6 BROAD BASED BLACK ECONOMIC EMPOWERMENT ACT

3.6.1 SAA will adhere to the directives contained in the BBBEE Act, Act No 53 of 2003, and its Codes of Good Practice as it pertains to the procurement process.

3.7 THE NATIONAL SMALL ENTERPRISE ACT

3.7.1 SAA shall use the guidelines in The National Small Enterprise Act, Act No 102 of 1996, as amended, in promoting small enterprises in the Republic.

3.8 STATE INFORMATION TECHNOLOGY AGENCY (SITA) ACT

3.8.1 The State Information Technology Agency (SITA) Act, Act No 88 of 1998, as amended, requires that SITA may act as the procurement agency for public entities' information technology requirements should the public entity so wish. SAA shall not be obliged to utilise this service but may do so when deemed necessary.

3.9 THE PREVENTION AND COMBATING OF CORRUPT ACTIVITIES ACT

3.9.1 SAA shall adhere to the prescripts in the Prevention and Combating of Corrupt Activities Act, Act 12 of 2004 as it affects the supply chain process.

3.10 OTHER RELEVANT PIECES OF LEGISLATION

3.10.1 Cognisance shall be taken of the following pieces of legislation that will have an impact on the supply chain environment:

3.10.2 Promotion of Access to Information Act (PAIA), Act 2 of 2000.

3.10.3 Promotion of Administrative Justice Act (PAJA), Act No 3 of 2000.

3.10.4 The Competition Act, Act No 89 of 1998.

3.10.5 The Protected Disclosures Act, Act No 26 of 2000.

3.10.6 All other common law provisions relating to procurement.

3.11 OTHER GOVERNANCE GUIDELINES

3.11.1 Cognisance shall be taken of The King Reports on Corporate Governance for South Africa, as amended, as it impacts on the procurement environment.

4. SCOPE AND OBJECTIVES

4.1 SCOPE

4.1.1 Unless otherwise stated SAA's SCM policy, as contained in this document, is applicable to SAA and its subsidiaries.

4.1.2 It covers all purchasing of goods, services (tangible and intangible) and works covering capital and operational expenditure, fixed assets and the appointment of consultants as well as the disposal and selling of obsolete items.

4.1.3 Mango Airlines (Pty) Ltd is excluded from this policy.

4.2 EXCLUSIONS

4.2.1 The following are inter alia excluded from the SCM policy:

4.2.1.1 Petty cash purchases which are subject to instructions as issued in terms of the applicable financial policy.

4.2.1.2 Professional memberships and subscriptions.

4.2.1.3 Water and electricity.

4.2.1.4 Income generating transactions, where no outlay of funds are required.

4.2.1.5 Rates and taxes and other levies raised by local authorities or provincial administrations.

4.2.1.6 Landing and navigation services fees.

4.2.1.7 Goods/services provided by SAA Divisions/BU's/Subsidiaries.

4.2.1.8 Letting and hiring; and acquisition and alienation of land and fixed property where the bidding process cannot be utilised.

4.2.1.9 Sponsorships and donations.

4.2.1.10 Studies through specific institutions.

4.3 PURPOSE

4.3.1 The purpose of this policy is to set guidelines for SAA personnel engaged in the SCM process in order to ensure compliance with governance requirements and to ensure SAA achieves its objectives.

4.3.2 The implementation of the policy shall be effected through communication, guidelines, strategies, directives, processes and procedures.

4.4 OBJECTIVES

The objectives of this policy are to:

4.4.1 Ensure a fair, equitable, transparent, competitive and cost-effective SCM process;

4.4.2 Achieve continuous improvement on all SCM transactions;

4.4.3 Promote Broad-based Black Economic Empowerment (BBBEE); and

4.4.4 Achieve value for money in all SCM activities;

4.5 SCM PRINCIPLES

4.5.1 SAA subscribes to the SCM principles as noted hereunder:

Transparency	The SCM process shall be open within the confines of the law.
Equal treatment	All bidders and suppliers shall be treated equally throughout the whole SCM process within the context of this policy.
Effectiveness	SAA shall strive for SCM system effectiveness and shall carry out its SCM processes as cost-effectively as possible.
Efficiency	SAA shall strive to standardise and simplify procedures where appropriate to enhance SCM system effectiveness.
Competitiveness	SAA shall satisfy its requirements through competition unless there are justifiable reasons to

	the contrary.
Fairness	All bidders and contractors shall be dealt with fairly and without unfair discrimination.
Ethics	All SAA's employees and suppliers will subscribe to the highest ethical standards. Employees will comply with the SAA Code of Ethics and Conduct.
Equity	SAA shall strive to promote BBBEE.
Uniform application	SAA shall ensure that the application of its SCM policy and process is uniformly applied.
Accountability	Each practitioner shall be accountable for their decisions and actions relative to their SCM responsibilities.
Value for money	SAA shall achieve value for money through the optimum combination of life cycle cost and quality.
Commitment to safety, health and the environment	SAA is committed to the health and safety of its personnel; suppliers and the public in the application of its SCM process.

5. AUTHORITY TO EXECUTE

5.1 DELEGATION OF AUTHORITY (DOA)

5.1.1 All SCM activities shall be executed in accordance with pre-established levels of authority through delegations, as approved by the Board and delegated to the Chief Executive Officer (CEO) to ensure control and division of responsibilities.

COMMISSION OF INQUIRY INTO STATE CAPTURE

5.2 DETERMINATION OF THRESHOLDS

5.2.1 The determination and review of SCM thresholds shall be considered and approved in line with the DOA.

5.3 RESPONSIBILITIES OF SCM PRACTITIONERS

5.3.1 Each official shall carry out his SCM activities within his line of responsibility and take appropriate steps to prevent any unauthorised, irregular, fruitless and wasteful expenditure.

5.4 PARTICIPATION OF EXTERNAL ADVISORS/CONSULTANTS

5.4.1 Specialist advisors/consultants may assist in the execution of the SCM function.

5.4.2 No advisor/consultant may form part of the final decision-making process regarding the award of a bid.

6. ROLES AND RESPONSIBILITIES

6.1 SCM FOCUS

6.1.1 The roles and responsibilities of all structures hereunder are defined only from the perspective of SCM.

6.2 ROLES OF GOVERNANCE STRUCTURES

6.2.1 The Head of GSM together with line management may establish ad hoc governance structures to manage the SCM process to assist in making recommendations to the relevant award authority.

6.2.2 BOARD OF DIRECTORS

6.2.2.1 The Board should ensure that SAA is fully aware of and complies with applicable laws, regulations, governance, policies and codes of business practice as it pertains to SCM.

6.2.2.2 Notwithstanding the above the Board shall remain vested with all powers relating to SCM matters.

6.2.2.3 The Board will approve all SCM transactions in line with the DOA and on request, any other transactions of lower value as it deems fit.

6.2.2.4 The Board will refer transactions of materiality and significance to the shareholder for approval in line with the DOA.

6.2.3 PROCUREMENT AND TENDER PROCESSES COMMITTEE (PTPC)

The PTPC has the responsibility to:

6.2.3.1 Review procurement and tender policies and make recommendations to the Board on matters over which the Board has decision-making powers;

6.2.3.2 Recommend the SCM policy to the Board for approval;

6.2.3.3 Review bid awards as it deems fit prior to Board approval; and

6.2.3.4 Review and recommend bid awards in line with the PTPC charter.

6.2.4 THE CHIEF EXECUTIVE OFFICER (CEO)

6.2.4.1 The CEO shall:

- ❒ Take all reasonable steps to ensure that SAA implements a SCM policy taking into account any treasury and other guidelines.
- ❒ Take all reasonable steps to ensure that proper mechanisms, delegation (through sub-delegation) and separation of duties in the SCM environment are in place to minimise the likelihood of fraud, corruption, favouritism and unfair and irregular practices.
- ❒ Exercise utmost care to ensure reasonable protection of the SCM records of SAA.
- ❒ Appoint members to the Bid Adjudication Committee (BAC).
- ❒ Approve recommendations for bid awards within delegated authority.
- ❒ May at any time refer bid recommendations back for further clarification from bidders or any other award authority.

6.2.4.2 The CEO or delegate is responsible for the preparation and submission of the draft SCM policy as well as amendments thereof to the Board for adoption.

6.2.5 BID ADJUDICATION COMMITTEE (BAC)

6.2.5.1 The BAC is a standing cross functional committee, constituted by the CEO, and comprising key business representatives, with the objective to review, ratify, approve or reject supplier selection recommendations made by the Cross Functional Sourcing Team (CFST) in line with the delegation of authority.

6.2.5.2 The BAC performs, among other, the following main functions as contained in the BAC charter:

- Ensure that proper governance was followed during the tender process.
- Award bids within its delegated authority.
- Recommend bid awards in excess of its delegated authority to the applicable award authority.
- Consider all other matters as delegated from time to time.
- May override recommendations from the CFST provided that due motivation is provided.
- May refer bid submissions back for clarification from bidders and the CFST.
- The BAC operates under specific terms of reference (TOR) that is reviewed regularly.

6.2.6 CROSS FUNCTIONAL SOURCING TEAM (CFST)

6.2.6.1 The CFST is a team, constituted by the Head of GSM in consultation with line functions, that comprise individuals, preferably at management level and above, who are specialists from different functional areas brought together to achieve procurement related tasks. The team will pursue purchasing or sourcing goals and decisions for purchases above the quotation threshold, in line with the DOA.

6.2.6.2 The composition of the CFST will vary depending on the nature and complexity of the specific procurement project and will always include a representative from GSM and the business unit concerned. A representative from Enterprise Risk Management must be included in high value and high profile bids.

6.2.6.3 Members of the CFST must place themselves under the authority of the Head of GSM for the duration of the bid evaluation on matters pertaining to procurement and may not withdraw without prior approval by the Head of GSM.

6.2.6.4 The CFST shall be responsible for various functions including but not limited to the following:

- Developing selection criteria for tenders.
- Compilation and issuing of the RFQ/RFI/RFP/RFB documents.
- Facilitate briefing sessions.
- Perform bid evaluations
- Conduct site visits when applicable.
- Conduct negotiations with suppliers.
- Perform due diligence evaluations on prospective suppliers (if required).
- Make procurement related decisions.
- Promote Broad-based Black Economic Empowerment.
- Make recommendations in line with the Delegation of Authority.

6.2.7 HEAD OF GSM

6.2.7.1 The Head of GSM and the SCM team, upon such request have the authority to procure on behalf of the SAA end users in line with this policy and the DOA.

6.2.7.2 The Head of GSM will recommend the draft SCM policy to the PTPC.

6.2.7.3 The Head of GSM in consultation with relevant line functions will appoint members of the respective CFSTs.

6.2.8 GLOBAL SUPPLY MANAGEMENT (GSM)

6.2.8.1 GSM shall have the following SCM responsibilities:

- Manage the material/service and vendor master.
- Manage the procurement function.
- Quotation/bid management.
- Evaluations and recommendations.
- Facilitate adjudication.
- Recommend the award of bids in line with the DOA.
- Contract conclusion and administration.
- Administration of contracts.
- Logistics management.

- Disposal management.
- SCM risk management.

6.2.9 END-USER

6.2.9.1 The end-users shall have the following SCM responsibilities:

- Take ultimate responsibility for the provision of specifications/terms of reference and demand determination.
- Assist with evaluations and recommendations.
- Ensure availability of approved funding and/or business case before procurement.
- Contract and SLA management.

6.2.10 AWARD AUTHORITIES

6.2.10.1 The following are the award authorities in SAA:

The delegated official	❒ Award quotations up to and including the quotation threshold within delegated powers.
Bid Adjudication Committee	❒ Award bids within its delegated powers. ❒ Recommend bids in excess of its delegation in line with the DOA.
CEO	❒ Award bids within delegated powers. ❒ Make recommendations to the PTPC and Board on bids over which the Board has decision-making powers.
PTPC	❒ Award bids within delegated powers. ❒ Make recommendations to the Board.
Board of Directors	❒ Award all bids not delegated. ❒ Obtain approval from the shareholder on material and significant matters.

7. ETHICS IN PROCUREMENT

7.1 ETHICAL STANDARDS

7.1.1 SAA commits itself to a policy of fair dealing and integrity in the conducting of its SCM activities.

7.1.2 SAA shall conduct business with suppliers in a manner that encourages good supplier relations within an environment that promotes competition and in compliance with the law.

7.1.3 In conducting SCM activities all staff (including SCM practitioners) should adhere to the SAA Code of Ethics and Conduct. Violations may result in disciplinary action.

8. DEMAND MANAGEMENT

8.1 RESPONSIBILITY FOR DEMAND MANAGEMENT

8.1.1 Demand Management involves activities associated with managing the type and volumes of SAA's external procurement. The objective is to ensure that the correct quantities of the correct products or services are procured from suppliers. Effective demand management in SAA will ensure that:

- The correct level of customer service is delivered to internal customers in terms of the right product, service, quality, cost and quantity of goods required.
- SCM activities are better planned.
- Optimum levels of inventory are achieved.
- Resources are allocated effectively during the SCM process.
- Unnecessary demand is avoided.

8.1.2 Heads of business units must, annually, align activities in their strategic plan, operational plans and approved budget allocations with goods, services and asset requirements of SAA in order to develop their demand plans. These plans must inform the procurement requirements.

9. PREFERENTIAL PROCUREMENT

9.1.1 Preferential Procurement in SAA will be implemented in line with the PPPFA and its regulations applicable to Schedule 2 Public Entities; the BBBEE Act and the Codes of Good Practice.

9.1.2 SAA will actively promote the increase in procurement from BBBEE enterprises and SMMEs.

9.1.3 The increase in BBBEE procurement will be achieved through the application of several strategic interventions, which may include but are not limited to:

- Setting of minimum weightings for BBBEE as an evaluation criterion for all supplier selection initiatives.
- Developing a database for BBBEE enterprises which will be updated regularly.
- Demanding BBBEE accreditation of suppliers.
- Setting of BBBEE development plans with suppliers where appropriate.

9.1.4 The minimum BBBEE weightings will not be applicable to procurement for fleet acquisition and leasing; aircraft spares; procurement from regional and overseas suppliers and petty cash purchases. The Industrial Participation Programme (IPP) as prescribed by the DTI is applicable to international suppliers.

10. MANAGEMENT OF SUPPLIERS

10.1 SUPPLIER SELECTION

10.1.1 SAA will do business with suppliers who best meet the set evaluation criteria.

10.2 ESTABLISHMENT OF THE DATABASE OF PROSPECTIVE SUPPLIERS PER COMMODITY

10.2.1 SAA shall during its SCM process establish and maintain a database of prospective suppliers per commodity for the purpose of obtaining quotations.

10.2.2 The database of prospective suppliers shall be used effectively to promote BBBEE as well as the promotion of businesses owned by Historically Disadvantaged Individuals (HDI) and SMMEs.

10.2.3 Prospective suppliers will be assessed in terms of predetermined evaluation criteria. Supplier credentials shall comply with verification requirements of BBBEE.

10.3 SUPPLIER RELATIONS

10.3.1 SAA shall maintain and practice the highest possible standards of business ethics, professional courtesy, and competence in all its dealings with suppliers.

10.3.2 Suppliers are considered important partners in the supply chain of SAA.

10.4 COLLABORATIVE BUSINESS RELATIONSHIPS

10.4.1 SAA shall ensure that all suppliers are given equal and fair treatment. Suppliers that are already procuring from or supplying to SAA will:

- Be afforded the opportunity to submit proposals for SAA's requirements, provided that they meet the set evaluation criteria.
- Be awarded the business based on equal treatment and competitiveness.
- Where evaluation scores on the set evaluation criteria are equal, collaborative business relationships may be a decisive factor in the award.

10.5 SUPPLIER PERFORMANCE

10.5.1 The SCM team will evaluate performance of major suppliers against agreed contractual deliverables at least annually.

10.6 SUPPLIER RESTRICTION

10.6.1 Suppliers may, under the below-mentioned circumstances, be restricted from current and future business with SAA for a term determined by the Board or as provided for in legislation:

- Non-compliance with legislation such as the Prevention and Combating of Corrupt Activities Act (restricted from current and future business).
- Proven non-performance/non-compliance with contractual obligations when stipulated as a condition of bid and contract (restricted from future business).
- Proven unethical actions and behaviour and abuse of the SCM system (restricted from current and future business).

10.7 SUPPLIER COMMUNICATION DURING THE BID PROCESS

10.7.1 The channel for all communication during the bid process shall be through the GSM contact person as indicated on the tender document.

10.8 SUPPLIER SAMPLES

10.8.1 Samples of commercially available products may be requested from bidding suppliers.

10.8.2 SAA shall not pay for samples provided and samples damaged/destroyed as a result of testing.

10.8.3 SAA shall not be obliged to endorse any products/services provided by suppliers.

10.8.4 SAA will provide feedback on the results of tested samples, however, due procurement process should be followed before entering into contracts.

10.9 SUPPLIER FACILITIES

10.9.1 Visits by the CFST members to supplier facilities should only be to evaluate a supplier's capabilities and should be undertaken as part of the functions of the CFST.

10.10 SUPPLIER VISITS TO SAA

10.10.1 Supplier representatives may have access to SAA's staff to deal with their services and products, however, all tender enquiries should go through the GSM unit's relevant delegate.

10.11 PURCHASES FROM EMPLOYEES

10.11.1 It shall be SAA's policy not to purchase any goods or services from any employee or a business with material ownership by an employee. The relevant declarations should be complied with in line with the SAA Code of Ethics and Conduct.

11. SYSTEM OF PROCUREMENT MANAGEMENT

11.1 HIERARCHY FOR SATISFYING REQUIREMENTS

11.1.1 Before satisfying requirements through a procurement process, the requirements must first be endeavoured to be satisfied through existing contracts; items in stock and from subsidiaries, where appropriate.

11.2 PROCUREMENT OF GOODS, SERVICES AND WORKS

11.2.1 Goods, services and works shall only be procured in accordance with authorised policy.

11.2.2 Procurement of goods, services and works, either through quotations or through a bidding process, shall be within the threshold values, in line with the DOA.

11.3 REQUEST FOR INFORMATION (RFI)

11.3.1 If sufficient information is not readily available with which to draft terms of reference/specifications, a RFI process may be followed in order to obtain more market information in order to prepare the specification.

11.3.2 No award can be made following a RFI process, however, the subsequent request for bid (RFB) may be restricted to respondent suppliers provided that it was so specified in the RFI document.

11.4 REQUEST FOR PROPOSAL (RFP)

11.4.1 This method should be followed where the tender functionality is clear but supplier bids will be in the form of proposals that will differ in the achievement of the set functionality/requirement. Selection is based on the quality of the proposal, its cost and other criteria through a competitive process.

11.5 REQUEST FOR BID (RFB)

11.5.1 A RFB is generally used when the specification of the product/service as the case may be is well defined and specific bid responses are required rather than creative responses. Selection is based on compliance to the requirement, cost and other criteria through a competitive process.

11.6 REQUEST FOR QUOTATION (RFQ)

11.6.1 The RFQ process should be followed for all requirements up to the quotation threshold. A minimum of three quotes should be obtained if possible, verbal or written based on the value of the purchase.

11.7 NEGOTIATIONS

11.7.1 Direct negotiations with single or sole source suppliers shall only be permitted after approval by the delegated authority.

11.7.2 Negotiation sessions shall be held with short-listed suppliers during the normal course of the procurement process as-and-when required.

11.7.3 Information required for clarification purposes may be requested from short-listed and other bidders during negotiations or during the normal course of the procurement process provided it does not prejudice any other bidder.

11.8 BUILDING, ENGINEERING OR CONSTRUCTION WORKS

11.8.1 In case of construction works, it shall be done according to known provisions of the construction industry. The Construction Industry Development Board (CIDB) may be consulted.

11.9 APPOINTMENT OF CONSULTANTS

11.9.1 The delegation to appoint consultants shall reside with the CEO in line with the DOA. All other award authorities will only have recommendation powers.

11.10 SAA PROCUREMENT THRESHOLDS (AS AMENDED FROM TIME TO TIME)

Threshold	Mechanism	Pre-requisite	Evaluation	Award
Up to R1500/Purchase	Petty cash	Available budget	Business Unit	Business Unit

Threshold	Mechanism	Pre-requisite	Evaluation	Award
Between R1500 and R30 000 per request	Verbal three quote system	Available budget and purchasing requisition	Purchasing Officer	Head of GSM or delegate
Up to R500 000 per request	Written three quote system	Available budget, purchasing request and specification	Purchasing Officer	In line with DOA
Above R500 000 per request	Competitive tender	Business Case/ budget approval and specification	CFST	In line with DOA

- The thresholds include VAT.
- It is a contravention of this policy to split requisitions in order to circumvent the approved thresholds and delegations of authority.
- For Outstations and applicable subsidiaries the procurement of goods and services with an estimated value of less than R500 000; the relevant outstation or subsidiary will follow the quote process and approval will be in line with the relevant DOA.
- SAA Technical (SAAT) has its own thresholds relating to the purchase of aircraft, spares, parts, services and tooling (refer Par. 25)

11.11 REVERSE AUCTIONS UP TO THE QUOTATION THRESHOLD (VAT EXCL.)

11.11.1 The process of reverse auctions may be applied for procurement of goods up to the quotation threshold and where the requirement is not complex provided that the Enterprise Resource Management system is able to facilitate such transactions in a secure environment.

11.12 PROCUREMENT PROCESS ABOVE THE QUOTATION THRESHOLD

11.12.1 Competitive open bidding shall be used for procurement above the quotation threshold.

11.12.2 SAA may apply the two stage bidding process in cases of certain contracts or works of a specialised nature, where it is impractical to prepare exact technical specifications in advance or where it becomes more practical to do so. This will involve a pre-qualification process to establish a panel of bidders.

11.12.3 Pre-qualifications should be based entirely upon the ability of prospective bidders to meet the evaluation criteria of SAA for the particular contract.

11.12.4 Where goods or services of a specialised nature are required on a recurring basis, a list of approved providers may be established through the competitive bidding process. The award for specific projects under this arrangement will follow a close bidding process to the panel and the recommendation to award will be approved in terms of the DOA.

11.13 LIMITED/CONFINED BIDDING

11.13.1 SAA shall use limited bidding only in the following exceptional circumstances:

11.13.1.1 In cases of where it becomes impossible or impractical to follow the standard procurement process.

11.13.1.2 In cases of emergency which are defined as serious, unexpected and potentially dangerous circumstances requiring immediate rectification such as a threat or interruption in SAA's ability to execute its mandate or an immediate threat to the environment or human safety.

11.13.1.3 Multiple source bidding where there is proven limited competition in the market and there is good reason to restrict it to only those few bidders such as standardisation on a certain brand/product.

11.13.1.4 Single source bidding where, after a thorough analysis, there is good and justifiable reason to restrict the process to only one bidder such as where you enter into a maintenance contract with only the bidder who supplied the product otherwise the product loses its guarantee.

11.13.1.5 Sole source bidding where no competition exists and it is proven that only one bidder exists.

11.13.1.6 Bad planning shall not be acceptable as justification for the use of limited bidding.

11.13.1.7 Such exceptions with the justification thereof by line, below the bidding threshold shall be approved by the Head of GSM. Exceptions above the bidding threshold with proper motivation and justification should be approved by the BAC prior to issuing of tenders. The normal approval process for award will follow in line with the DOA.

11.14 EMERGENCY PURCHASES

11.14.1 An emergency situation is defined as one that is serious, unexpected and potentially dangerous where significant financial loss may occur or a serious disruption of business may result. In these instances the established procurement policy may be circumvented. Poor planning on behalf of business is not deemed to be an emergency.

11.14.2 The following are examples of emergency situations:

- Disasters (e.g. damage from cyclones, floods, fire, etc).
- Customer service impacting conditions.
- System failures.
- Aircraft on ground or potential on ground situations.
- Jeopardising the safety and health of others.

11.14.3 The order to proceed in engaging a supplier can be issued, preferably via the GSM unit and all the necessary paperwork for the emergency purchase should be completed following the incident to ensure a proper audit trail. The ratification must be signed off in line with the DOA provisions for approval of an expense incurred and by the Head of GSM.

11.14.4 Approved suppliers or those previously used by SAA should be used whenever possible for emergency situations.

11.15 ONE QUOTE PROCESS

11.15.1 It is not feasible to apply the quotation or tender process for certain requirements for example:

- Specific training.
- Venues and conference facilities.
- Catering in a specific area.
- Tender and promotional adverts in newspapers.
- Participation by SAA in partner marketing events.

For the above mentioned requirements only one quote has to be obtained by the end-user with the circumstances duly motivated and submitted to the relevant SCM official to complete the approval process in line with the DOA.

11.16 ACQUISITION AND LEASES OF AIRCRAFTS

Due to the limited number of aircraft manufacturers for the type of aircraft required by SAA, the bidding process for aircraft lends itself to a closed tender process. The following policy shall apply:

11.16.1 The Fleet Committee shall appoint a CFST comprising of representatives from all areas directly involved in the operations of the SAA fleet, SAAT and Legal Services.

11.16.2 The CFST and Fleet Committee shall be responsible for the tender preparation, evaluation, negotiation, recommendations and contracting.

11.16.3 Closed bids will be issued to aircraft suppliers and no prior BAC approval is required.

11.16.4 Recommendations from the Fleet Committee are submitted to the BAC for onward approval to the CEO, PTPC and the Board in line with the DOA.

The Board will seek approval from the shareholder prior to the award of the contract to the supplier.

11.17 CONDONEMENTS

Condonement for any irregular purchases, where due process has not been followed, can only be approved by the CEO up to the delegated approval level and by the Board in excess of such delegated authority, provided due motivation is furnished.

11.18 CONTRACT EXTENSIONS

Contract extensions in terms of scope, value and term will be performed in line with the approved DOA.

11.19 INTERNATIONAL PURCHASES

SAA may procure from abroad provided that the Treasury unit is consulted for advice. The Treasury unit must approve all currency related transactions.

12. QUOTATION/BID COMPILATION

12.1 LANGUAGE OF QUOTATION/BID DOCUMENTS

12.1.1 SAA shall compile all bid documentation in English.

12.2 CALLING FOR BIDS/QUOTATIONS

12.2.1 Bids and quotations shall be invited by the GSM unit.

12.3 ADVERTISING OF BIDS

12.3.1 All open tenders shall at least be advertised in the Government Tender Bulletin and/or a newspaper with national coverage.

12.4 CLOSING TIME OF BIDS/QUOTATIONS

12.4.1 Tenders/quotations of SAA shall close at a time and on the day indicated in the tender/quotation documents.

12.5 DETERMINING THE CLOSING PERIOD

12.5.1 Bids shall be advertised for at least 14 days before closing time, except in urgent cases when bids may be advertised for such shorter periods as agreed with the Head of GSM or delegate.

12.6 DETERMINING THE VALIDITY PERIOD

12.6.1 The validity period should allow SAA sufficient time to finalise the evaluation and award process of the tender/quotation but the minimum period is 120 days from the closing date of the tender. The chairperson of the CFST may request extension of the validity period from all bidders prior to its expiry.

12.7 AVAILABILITY OF TENDER DOCUMENTS

12.7.1 Tender documents shall be ready and available before the requirement is advertised.

12.8 SALE OF BID DOCUMENTS

12.8.1 SAA shall, where so decided, make its bid documents available, at a predetermined cost.

12.9 ELEMENTS FOR INCLUSION IN BID DOCUMENTS

12.9.1 Bid documentation shall at least include a terms of reference/specification, evaluation and adjudication criteria as well as relevant contractual conditions.

12.10 SPECIFICATIONS/TERMS OF REFERENCE

12.10.1 Specifications and terms of reference shall be compiled with the help of the internal technical expertise in the relevant requirement field. It shall be comprehensive and clear to allow bidders sufficient information to address the requirement in detail.

12.11 PRE-BID INFORMATION SESSIONS

12.11.1 Details of bid information sessions shall be indicated in the bid documents as well as in the advertisements and it shall be indicated whether they are compulsory or not.

13. RECEIVING AND OPENING OF RESPONSES

13.1 GENERAL GUIDELINES

13.1.1 A fair and transparent process shall be followed for the closing, receiving, opening and processing of quotations/bids.

13.1.2 Bidders shall be allowed to submit bids by mail or by courier or by hand as specified in the tender document.

13.1.3 A bid box shall be visible on the premises of the SAA and shall be accessible to all bidders.

13.2 CONFIDENTIALITY

13.2.1 After opening of bids, information relating to the examination, clarification and evaluation of bids and recommendations concerning awards should not be disclosed to bidders or other persons not officially concerned with the process, until the successful bidder is notified of the award.

13.2.2 Any breach in confidentiality may result in disciplinary action.

13.3 BIDS RECEIVED LATE

13.3.1 Bids are late if they are received at the address indicated in the bid documents after the closing date and time. Bidders who have submitted late bids that were not admitted, shall be contacted to collect the unopened bids.

13.3.2 Where no bid or no acceptable bid has been received on time, SAA reserves the right to admit late bids for consideration. The BAC will approve admission of such late bids.

13.4 DEALING WITH UNSOLICITED BIDS

13.4.1 SAA is not obliged to consider unsolicited bids received outside a normal bidding process.

14. EVALUATION PROCESS

14.1 GENERAL

14.1.1 SAA shall evaluate a proposal based on the content of the documentation and the evaluation criteria stipulated.

14.1.2 Relevant internal technical expertise must be applied in the evaluation. Where a value-based judgement has to be made in the case of professional services, evaluations must be performed by more than one evaluator and the average score achieved will be used for evaluation purposes.

14.2 REASONS FOR REJECTION

SAA shall:

14.2.1 Reject a proposal for the award of a contract if the recommended bidder has committed a proven corrupt or fraudulent act in competing for the particular contract.

14.2.2 Reject any bid from a supplier who fails to provide written proof from SARS that the supplier either has no outstanding tax obligations or has made arrangements to meet outstanding tax obligations at the time of bid submission or as allowed by SAA.

14.3 NEW AND UNPROVEN PRODUCTS

14.3.1 A bid may not be rejected summarily simply because the bidder or the product offered is unknown.

14.4 ALTERNATIVE OFFERS

14.4.1 Regardless of whether a bidder submits an offer conforming strictly to specification, alternative offers may be considered and accepted provided that the other bidders are not prejudiced.

14.5 IMPROVEMENT ON SPECIFICATION

14.5.1 A quotation/bid received which offers an improvement on the specification may be accepted provided that the other bidders are not prejudiced.

14.6 SUBCONTRACTING AND JOINT VENTURES

14.6.1 It is incumbent upon SAA to take care that subcontractors and partners in joint ventures are engaged in fair and reasonable conditions of contract.

14.7 CLEARANCE OF BIDDERS PRIOR TO THE AWARD OF A CONTRACT

14.7.1 RESTRICTED PERSONS

14.7.1.1 GSM should ensure that a supplier has not been restricted in terms of SAA's restriction policy prior to contract award.

14.7.2 NATIONAL INDUSTRIAL PARTICIPATION PROGRAMME

14.7.2.1 SAA shall assist in obtaining clearance for a recommended bidder from the Department of Trade and Industry (DTI) in respect to contracts which are subject to the National Industrial Participation Programme (NIPP).

15. AWARD SYSTEM

15.1 All requests for quotation shall be finally awarded by the delegated individual in SAA.

15.2 All tenders will be awarded by the relevant award authority. The relevant recommendation submissions will at least be co-signed by the chairperson of the recommending award authority together with a level 1 signatory for the unit requiring the goods or services and the relevant manager. All recommendations shall clearly state the availability of budgeted funds.

15.3 Where the relevant award authority finds that the recommendation is not correct or not in SAA's best interest, more clarification information may be requested from bidders or the relevant procurement structure before approval; or the award recommendation can be changed or rejected with reasons properly furnished for auditing purposes.

16. CONTRACTUAL COMMITMENTS

16.1 The acceptance of a successful bid or quote must be in writing. It is advisable that a contract be entered into with suppliers for goods or services in excess of the quotation threshold where an open bidding process was followed. However, for procurement of a once-off nature in excess of the quotation threshold a purchase order may be placed in terms of the standard terms and conditions as contained in the specific tender document. For such procurement the purchase order would constitute the contract. The onus resides with the respective CFST to determine upfront whether a contract would not be required.

17. MANAGEMENT OF CONTRACTS CONCLUDED

17.1 The management of contracts as it pertains to the procurement transactions shall be a shared responsibility in SAA.

17.2 Legal will be responsible to assist in drafting of contracts, legal advice on contracts and vetting of all contracts before signing of the contract and safekeeping of the original contract document.

17.3 The GSM unit together with the CFST is responsible to facilitate contract negotiations, renewals, extensions and terminations.

17.4 The GSM unit is responsible for contract administration and holding of a copy of the contract.

17.5 The end-user will ensure supplier compliance with the contract and SLA and will report any deviations to the GSM unit.

18. ACCESS TO BIDDING INFORMATION

18.1 All bidding information remains strictly confidential and shall not be disclosed to any other bidder. The release of information shall be done in line with the relevant Acts.

18.2 It is the sole discretion of SAA to provide information to suppliers on request.

18.3 The successful bidder shall be notified in writing of the acceptance of their bid within the validity period of the bid.

18.4 On written request, any bidder shall be provided with the reasons why his / her own bid was unsuccessful.

18.5 Bids are not available for perusal by the public. When divulging information, a balance shall be stricken between one party's right to access of information and the right to confidentiality of the other party.

18.6 Where no bid has been accepted, particulars of the bids received shall not be made public.

18.7 SAA can withhold information if the release or publication of the information will:

- Impede law enforcement; or
- Be contrary to the public interest; or
- Harm the legitimate interests of SAA; or
- Hinder fair competition between bidders by revealing any proprietary information of any bidder.

19. RECORDING AND REPORTING OF INFORMATION

19.1 The Head of GSM shall submit to the Board and the Executive Committee (EXCO) such procurement information as they may require from time to time and in such format and at such intervals as specified.

19.2 SAA shall implement an information gathering, recording and reporting mechanism to facilitate the above and to promote good governance.

20. LOGISTICS MANAGEMENT

20.1 In SAA Logistics Management defines the stock/stores management function.

20.2 Logistics Management involves the efficient and effective management of stock held in warehouses.

20.3 SCM should ensure that stock items are properly identified/codified; set and manage inventory levels; receive and issue stock items; implement control measures and take decisions around the disposal of stock.

21. DISPOSAL MANAGEMENT

21.1 Disposal Management is the final process when the Company needs to do away with unserviceable, redundant or obsolete items.

21.2 The relevant Commodity Manager within GSM or Line Manager will make recommendations with regard to disposal of assets to the Disposal Committee.

21.3 The Disposal Committee is constituted by the Head of GSM in consultation with the Chief Financial Officer.

21.4 The Disposal Committee is an ad hoc committee comprising the Head of GSM; Financial Manager responsible for Asset Management and the Head of the relevant business unit.

21.5 The recommendations of the Disposal Committee must be approved in line with the DOA before implementation.

22. DISPOSAL OF AIRCRAFT

Due to the uniqueness of aircraft disposal the following process will apply when it is agreed to dispose of aircraft:

22.1 A Fleet Committee will be constituted by the CEO.

22.2 The Fleet Committee may appoint a Cross Functional Team (CFT) comprising representatives from functional areas involved in fleet and asset management.

22.3 The CFT together with the Fleet Committee will be responsible for determining the process to be followed for the disposal of any aircraft, document preparation, evaluation, negotiation and recommendations.

22.4 The Fleet Committee will make recommendations on the final disposal to the CEO, PTPC and the Board for approval.

22.5 The shareholder will have to approve all disposal of fleet transactions prior to its implementation.

23. RISK MANAGEMENT

23.1 The procurement of goods and services will be performed in line with the provisions of the SAA Enterprise Risk Management policy to ensure the identification, consideration and avoidance of potential risks in the procurement system. A representative from Risk Management will form part of the CFST for high value and high profile bids.

23.2 Relevant stakeholders shall identify risk on a case-by-case basis, allocate risk to the party best able to manage such risk and ensure optimum risk mitigation on the part of SAA.

23.3 Tender and contract documentation shall endeavour to clearly state the responsibility of the different parties in order to allocate any risk associated with the procurement of goods and services appropriately.

24. PERFORMANCE MEASUREMENT OF SCM

24.1 The CEO shall measure and monitor the implementation of the SCM policy and any SCM process regularly through a performance measurement system to ascertain whether governance objectives have been achieved.

25. ACQUISITION OF AIRCRAFT SPARES, PARTS, SERVICES AND TOOLING

25.1 SAAT PROCUREMENT SYSTEM

The supply chain process for aircraft spares, parts, service and tooling is performed by South African Airways Technical (SAAT), a subsidiary of SAA. The SCM policy in respect of the requirements for SAAT follows below:

25.1.1 THRESHOLDS FOR SAAT PROCUREMENT

Thresholds for SAAT are defined in the Delegation of Authority as approved by the SAAT Board of Directors.

25.1.2 ACQUISITION OF AIRCRAFT SPARES, PARTS, TOOLING, REPAIRS AND SERVICES

The purchase of aircraft material and specialist aircraft maintenance services often requires a deviation from the open tender process as these can only be acquired from Airlines, approved surplus suppliers, approved OEM distributors and OEMs. In all instances the relevant supplier is specified in aircraft documentation and suppliers are to be approved by the Civil Aviation Authorities or the SAAT Quality Assurance unit as approved manufacturers or suppliers for aircraft parts.

The normal tender process will apply in all instances where no OEMs or statutory requirements are applicable.

The following policy applies in respect of the purchase of aircraft spares, parts, tooling, repairs and services:

25.1.2.1 These items can only be purchased from the OEM, suppliers approved by the Civil Aviation Authority or SAAT Quality Assurance.

25.1.2.2 For items with only one approved suppliers, orders may be placed after confirmation of pricing and the update of the ERP system. No BAC approval is required and the SAAT delegation of authority will apply. The BAC will be notified for information purposes on an annual basis or any other agreed set interval.

25.1.2.3 For items where more than one approved supplier exist, the end user will obtain price quotations from approved suppliers and the approval will be in line with the delegation of authority for SAAT and the set thresholds.

25.1.3 GENERAL PRINCIPLES

25.1.3.1 TERMS AND CONDITIONS

The standard SAA terms and conditions are not applicable to OEMs and orders are placed via the Electronic Data Interchange (EDI) system of the OEMs. In terms of this process orders are subject to the terms and conditions of the OEMs.

25.1.3.2 OPENING OF BIDS

Where applicable, for the opening of the SAAT bid box for bids under R500 000, one independent representative from SAAT will be present.

25.1.3.3 SUBMISSION OF LATE BIDS

Any late bids (for values less than R500 000) received in the SAAT bid box, will be submitted to the Head of Supply Chain with substantiating motivation for acceptance.

25.1.3.4 PAYMENT CENTRALISATION

Standard SAA payment terms are applicable and buyers are encouraged to negotiate discounts for more favourable terms.

25.1.3.5 CONTRACT ADMINISTRATION

All contracts in value of R1 000 000 or more should have a valid contract and no payment will be effected if no contract is in place. This rule may be relaxed if an emergency purchase was made. This excludes purchases from OEMs or approved suppliers where these suppliers are covered under the purchase agreement of the aircraft manufacturer (Boeing/Airbus) i.e. SPSA Supplier Purchasing Support Agreement (SPSA).

25.1.3.6 INVENTORY MANAGEMENT

Inventory will be managed in line with the SAAT Stores procedure and manual.

25.1.3.7 VALIDATION OF DELIVERY

It is the responsibility of the designated person to validate the order and delivery quantities.

25.1.3.8 GENERATION OF RECEIPT

Quantities delivered must be verified by the stores receiving office against the order and forwarded to Technical Finance where the original order has been delivered.

Part orders can also be receipted but orders can only be closed when the full quantity had been delivered or the user (Level 3 approval) requests that the order be closed.

25.1.4 SALE OF SERVICES BY SAAT SUPPLY CHAIN

25.1.4.1 PURCHASING FOR THIRD PARTY CUSTOMERS

SAT sells the services of supply chain and is often required to purchase spares or services for customers on request and customer instructions on supplier selection and price will apply.

25.1.4.2 PURCHASING OF BFE AND IPE

SAT will purchase all recommended Buyer Furnished Equipment (BFE) and Initial Provisioning Equipment (IPE) as requested by and on behalf of SAA.

25.1.4.3 PURCHASING ON BEHALF OF AIRCRAFT MANUFACTURERS OR OEMs

SAAT will from time to time receive compulsory modification bulletins to be implemented from the OEMs and will purchase according to the instructions submitted on the official SAAT engineering unit documentation and in line with the SAAT DOA.

25.1.5 EMERGENCY ORDERS

An emergency situation is defined as one that is serious, unexpected and potentially dangerous where significant financial loss may occur or a serious disruption of business may result. In these instances the established procurement policy may be circumvented. Poor planning on behalf of business is not deemed to be an emergency.

The following are examples of emergency situations:

- Disasters (e.g. damage from cyclones, floods, fire, etc).
- Customer service impacting conditions.
- System failures.
- Aircraft on ground or potential on ground situations.
- Jeopardising the safety and health of others.
- Work stoppages on the line.
- Request to arrange for a hire loan.
- Request to convert hire loans into either a sale or a purchase.
- Request to arrange for an advance exchange component.

All decision pertaining to an emergency situation must be well documented by the CFST or user. If the purchase is above R500 000 the decision must always have the approval of the SAAT Head of Supply Chain and the BAC must be notified for information purposes on an annual basis or any other defined interval specified.

25.1.6 OVERSEAS REPAIRS

Any aircraft components, tooling or equipment where SAAT does not have in-house repair capability will be forwarded to an approved station for repair and the process will comply with this procurement policy. The following types of repairs exist:

25.1.7 WARRANTY REPAIRS

The duly authorised department is responsible for warranty management and will identify spares and tooling to be repaired under warranty.

25.1.7.1 The duly authorised unit is responsible for warranty management and will identify spares and tooling to be repaired under warranty.

25.1.7.2 Warranty repairs will be sent to the respective vendor by the relevant repair administrator.

25.1.7.3 Warranty repair orders will be loaded and controlled on the Enterprise Resource Planning (ERP) system.

25.1.7.4 A repair register must be kept to ensure control over repair items for audit purposes.

25.1.7.5 Any cost approval will be in line with the approved SAAT DOA.

25.1.8 OUT OF WARRANTY REPAIRS

25.1.8.1 Under normal repair conditions the relevant repair administrator will obtain and evaluate quotes from approved repair stations as per the procurement process.

25.1.8.2 Urgently required repairs will be sent directly to the OEM or last approved repair station previously used to perform repairs.

25.1.8.3 All quotes will be obtained electronically.

25.1.8.4 Initial repair pricing will be loaded on the ERP system to place formal order in order to proceed with the repair.

25.1.8.5 The initial pricing will be updated once a strip down report has been received from the repair vendor.

25.1.8.6 Any cost approval will be in line with the approved SAAT DOA.

25.1.9 AIRCRAFT TOOLS AND EQUIPMENT

The following types of tools are used by SAAT:
- General tools
- Aircraft specific tools

25.1.9.1 GENERAL TOOLS

General tools are those tools required for the daily functioning of the technical unit e.g. toolboxes and spanners. The purchasing process is as follows:

25.1.9.1.1 A purchasing request from the relevant cost centre owner needs to be completed.

25.1.9.1.2 Supplier selection can be in the form of a call-off from a contract or a three quote/open tender process should be followed.

25.1.9.1.3 The buyer will obtain and evaluate quotes from approved suppliers.

25.1.9.1.4 BBBEE must be included as an evaluation criterion.

25.1.9.1.5 Cost approval will be in line with the approved SAAT DOA.

25.1.9.2 AIRCRAFT SPECIFIC TOOLS AND EQUIPMENT

Aircraft specific tools refer to tools that can only be used on specific aircraft.

25.1.9.2.1 Only approved/certified suppliers can be approached to submit quotations.

25.1.9.2.2 Supplier selection will be in line with prescribed process (Refer par. 25.1.3).

25.1.9.2.3 Cost approval will be in line with the approved SAAT DOA.

25.1.10 DISPOSAL MANAGEMENT

Disposal of material within SAAT can take place by means of any of the following processes:

- Sale of scrapped material.
- Sale of redundant and surplus material.
- Ad-hoc individual sales.

25.1.10.1 SALE OF SCRAP METALS

25.1.10.1.1 The process is initiated by a scrap note completed by the duly authorised department.

25.1.10.1.2 Both the SAAT Finance and Sales office will be responsible for deletion of sold items from the ERP system.

25.1.10.1.3 The applicable workshop and sales office are jointly responsible for the demolishing of aircraft related components or parts.

25.1.10.1.4 Scrapped items in the scrap yard will be disposed of in terms of standing contracts with scrap dealers; using a competitive quotation system or auction.

25.1.10.1.5 The Sales unit is responsible for updating and maintaining the disposal register.

25.1.10.1.6 Cost approval will be in line with the approved SAAT DOA.

25.1.10.2 EXCESSIVE/SURPLUS AND REDUNDANT MATERIALS

25.1.10.2.1 The Material Management unit is responsible to identify and document excessive surplus or redundant material.

25.1.10.2.2 The list of identified material must be signed-off by the duly authorised unit.

25.1.10.2.3 The list of identified material will be advertised and evaluated according to pre-defined criteria by the Disposal Committee of SAAT.

25.1.10.2.4 Both the SAAT Finance and Sales office will be responsible for deletion of the sold items from the ERP system.

25.1.10.2.5 The Sales unit is responsible for updating and maintaining the disposal register.

25.1.10.2.6 Cost approval will be in line with the approved SAAT DOA.

25.1.10.3 AD-HOC INDIVIDUAL SALES

25.1.10.3.1 SAAT Sales office receives on a regular basis requests to sell material.

25.1.10.3.2 Approval to sell this material need to be obtained from the duly authorised departments.

25.1.10.3.3 Cost approval will be in line with the approved SAAT DOA.

25.1.11 SAAT SPECIFIC PURCHASES

For all purchases specific to SAAT, in order to meet SAAT business requirements, the GSM procurement policy will apply, but controlled and managed by SAAT Procurement and approval will be in line with the SAAT DOA.

25.1.11.1 SAAT PROCUREMENT (SAATP)

SAATP shall have the following procurement responsibilities:

- Manage the procurement function.
- Quotation/bid management.
- Evaluations and recommendations.
- Facilitate adjudications.
- Recommend the award of contracts.
- Contract conclusion and administration.
- Logistics management
- Disposal management
- Procurement risk management.

[Act 6 of 1995]FREE STATE DEVELOPMENT CORPORATION ACT 6 OF 1995

[ASSENTED TO 12 SEPTEMBER I995][DATE OF COMMENCEMENT: 15 SEPTEMBER 1995]

(English text signed by the Premier)
as amended by

Free State Development Corporation Amendment Act 9 of 1999
Free State Development Corporation Amendment Act 4 of 2006
Free State Devolpment Corporation Amendment Act 5 of 2010
Free State Development Corporation Amendment Act 5 of 2011
ACT

To provide for the establishment of a development corporation for the Province and for matters incidental thereto.

1 Definitions

In this Act, unless the context otherwise indicates-

"board of directors" means the board of directors of the Free State Development Corporation;
[Definition of "board of directors" inserted by sec 1*(a)* of Act 9 of 1999 wef 3 February 2000.]

"business" . . .
[Definition of "business" deleted by sec 1(1) of Act 5 of 2010 wef 8 June 2010.]

"Companies Act" . . .
[Definition of "Companies Act" inserted by sec 1*(b)* of Act 9 of 1999 wef 3 February 2000 and deleted by sec 1*(a)* of Act 4 of 2006 wef 25 August 2006.]

"Constitution" means the Constitution of the Republic of South Africa, 1996;
[Definition of "Constitution" substituted by sec 1*(c)* of Act 9 of 1999 wef 3 February 2000 and by sec 1*(b)* of Act 4 of 2006 wef 25 August 2006.]

"Corporation" means the Free State Development Corporation established by section 2;

"director" means a director of the Corporation;

"dissolved agency" means an agency established by or under a repealed Act;
[Definition of "dissolved agency" inserted by sec 1(2) of Act 5 of 2010 wef 8 June 2010.]

"dissolved corporation" means a corporation established by or under a repealed Act;

"enterprise" means the enterprise referred to in section 3*(a)*;
[Definition of "enterprise" inserted by sec 1(3) of Act 5 of 2010 wef 8 June 2010.]

"law of the Province" means an Act passed by the Provincial Legislature or a law assigned for administration to a competent authority within the jurisdiction of the government of the Province under section 235 (8) of the Constitution;

"Public Finance Management Act" means the Public Finance Management Act, 1999 (Act 1 of 1999);
[Definition of "Public Finance Management Act" inserted by sec 1*(d)* of Act 4 of 2006 wef 25 August 2006.]

"managing director" . . .
[Definition of "managing director" deleted by sec 1*(c)* of Act 4 of 2006 wef 25 August 2006.]

"repealed Act" means an act referred to in the Schedule;

"responsible Member" means the member of the Executive Council of the Province responsible for Economic Affairs;
[Definition of "responsible Member" substituted by sec 1*(d)* of Act 9 of 1999 wef 3 February 2000 and by sec 1*(e)* of Act 4 of 2006 wef 25 August 2006.]

"Small, Medium and Micro Enterprises" bears the same meaning assigned to this expression in the National Small Enterprises Act, 1996 (Act 102 of 1996);
[Definition of "Small, Medium and Micro Enterprises" inserted by sec 1*(f)* of Act 4 of 2006 wef 25 August 2006.]

"to act as broker" means the facilitation or otherwise advancement of development in line with the Corporation's main and ancillary objects for which it was established.
[Definition of "to act as broker" added by sec 1*(e)* of Act 9 of 1999 wef 3 February 2000.]

1A Public Finance Management Act applicable

This Act is subject to the Public Finance Management Act.
[Sec 1A inserted by sec 2 of Act 4 of 2006 wef 25 August 2006.]

2 Establishment of Free State Development Corporation

(1) A juristic person to be known as the Free State Development Corporation is hereby established.

(2) . . .
[Subsec (2) deleted by sec 3 of Act 4 of 2006 wef 25 August 2006.]

[Sec 2 substituted by sec 2 of Act 9 of 1999 wef 3 February 2000.]

2A . . .

[Sec 2A inserted by sec 3 of Act 9 of 1999 wef 3 February 2000 and deleted by sec 4 of Act 4 of 2006 wef 25 August 2006.]

3 Main objects of the Corporation

The objects of the Corporation shall be-

(a) the promotion and development of small, medium and micro enterprises;

(b) to assist Free State based small, medium and micro enterprises with funding by advancing loans;

(c) to assist Free State based small, medium and micro enterprises in financial distress;

(d) to initiate economic empowerment projects that would benefit the Free State;

(e) to promote investment in and trade with the Province and to identify, analyse, publicize and market investment and trade opportunities in the provincial economy, in such manner and by such means as the board of directors may from time to time deem appropriate; and

(f) to undertake, at the request of the responsible Member or other stakeholders or agencies, activities for which the necessary resources can be raised and which, in the opinion of the board of directors, will contribute to the strengthening of the provincial economy.

[Sec 3 substituted by sec 4 of Act 9 of 1999 wef 3 February 2000, by sec 5 of Act 4 of 2006 wef 25 August 2006 and by sec 2 of Act 5 of 2010 wef 8 June 2010.]

4 Capacity and powers of the Corporation

The Corporation shall have the capacity determined by the main objects stated in section 3.

[Sec 4 substituted by sec 5 of Act 9 of 1999 wef 3 February 2000 and by sec 6 of Act 4 of 2006 wef 25 August 2006.]

4A Powers of board of directors

The board of directors shall have all the powers to achieve all the main objects for which the Corporation is established and without detracting from the generality of this section the powers of the board shall include the following:

(a) to plan, finance, co-ordinate, promote, establish or carry on any business or undertaking in respect of the matters referred to in section 3 or to acquire or dispose of such business or undertaking or any portion thereof;

(c)[sic] to grant or guarantee loans, provide capital or other means to any person, company, close corporation, co-operative society, partnership or other association of persons, whether corporate or not, for the purpose of achieving the Corporation's objects;

(d) to take such securities as it may deem fit;

(e) to raise loans or borrow money with the written consent of the responsible Member after consultation with the Member of the Executive Council responsible for finance;

(f) in the execution of its operations, to acquire, develop, rent, sell, lease, burden, or otherwise alienate or dispose of movable or immovable property, whether corporeal or incorporeal, including rights therein or thereto;

(g) to employ officers and employees under such conditions and to pay them such remuneration and benefits as it may determine;

(h) to enter into and finance joint ventures or act as agent;

(i) to furnish technical and other assistance and expert and specialised advice, information and guidance, in accordance with the approved budget to any person, company, close corporation, co-operative society, partnership or other association of persons, whether corporate or not;

(j) to issue, negotiate, accept, endorse or discount debentures, bills of exchange and other negotiable instruments;

(l)[sic] to control, carry out, guarantee, underwrite, finance or bring about the issue of any loan or of any shares, stock or debentures, or to advance money for that purpose;

(m) to apply the Corporation's funds or moneys to the establishment of a reserve fund, or to invest any funds or moneys not immediately required for its affairs;

(n) to accept unconditional donations and moneys and with the prior written approval of the responsible Member, conditional donations and moneys;

(o) in the execution of the Corporation's operations, to issue guarantees, or provide indemnities, or enter into any suretyship;

(p) to act as director, manager, or agent of any concern, company, close corporation, person or juristic person, and to appoint any person or persons to act on the Corporation's behalf for such purpose;

(q) to institute, conduct or defend any legal matter;

[Para *(q)* substituted by sec 3(1) of Act 5 of 2010 wef 8 June 2010.]

(r) to act as broker;

(s) to plan, promote, undertake or finance the training of manpower in respect

of the matters referred to in section 3;

(t) to pay all expenses in connection with the Corporation's own administration;

(u) to operate on existing banking accounts or accounts with other financial institutions, to open new accounts and operate thereon, and to close any account;

(v) to establish, assist in establishing, acquire an interest in, or finance companies;

(w) to adopt such measures as it may deem necessary or desirable in order to ensure that businesses of which the Corporation is the owner are managed and conducted, and that services are performed at such businesses in a manner which is, in its opinion, orderly, economical and effective;

(x) to exercise any other powers stated in Schedule 2 of the Companies Act, 1973 (Act 61 of 1973), which is necessary for the achievement of the Corporation's objects in consultation with the responsible Member;

[Para *(x)* inserted by sec 3(2) of Act 5 of 2010 wef 8 June 2010.]

(y) to ensure adherence to corporate governance;

[Para *(y)* inserted by sec 3(2) of Act 5 of 2010 wef 8 June 2010.]

(z) to take deposits offered by any person or juristic person for investment and to hold such deposits on such conditions as may be agreed upon, and to arrange and to decide upon the investment and application thereof.

[Para *(z)* inserted by sec 3(2) of Act 5 of 2010 wef 8 June 2010.]

[Sec 4A inserted by sec 6 of Act 9 of 1999 wef 3 February 2000 and substituted by sec 7 of Act 4 of 2006 wef 25 August 2006.]

5 Board of directors of Corporation

(1) The affairs of the Corporation shall be managed and controlled by a board of directors which may exercise the powers of the Corporation and the board may delegate these powers and functions to the chairperson of the board or the deputy chairperson of the board, or an official of the Corporation.

(2) The board of directors shall consist of not more than 7 persons appointed by the responsible Member.

[Subsec (2) substituted by sec 1 of Act 5 of 2011.]

[Sec 5 amended by sec 7 of Act 9 of 1999 wef 3 February 2000 and substituted by sec 8 of Act 4 of 2006 wef 25 August 2006.]

5A Procedure for appointment of board of directors

(1) The responsible Member, after consultation with the Executive Council must, subject to section 5, determine and appoint the members of the board of directors.

(2) The responsible Member may appoint two directors as executive directors to the board of directors after fulfilling the requirements of subsection (1).

(3) The responsible Member must invite interested parties by notice in the *Provincial Gazette* and other media to nominate candidates for his or her consideration.

[Sec 5A inserted by sec 4 of Act 5 of 2010 wef 8 June 2010.]

6 Period of office and remuneration of directors

(1) A director shall be appointed for a period not exceeding three years and such term may, on expiry, be extended for a maximum period of two years by the

responsible Member, in consultation with the Executive Council.

[Subsec (1) substituted by sec 5 of Act 5 of 2010 wef 8 June 2010.]

(2) Any person whose period of office as a director has expired, may, subject to the provisions of section 5, be reappointed.

(3) A director shall hold office upon such conditions (including the payment of remuneration and allowances) as the responsible Member may determine, in consultation with the Executive Council and in line with the National Treasury Guidelines.

[Subsec (3) substituted by sec 5 of Act 5 of 2010 wef 8 June 2010 and by sec 2 of Act 5 of 2011.]

[Sec 5 amended by sec 8 of Act 9 of 1999 wef 3 February 2000 and substituted by sec 9 of Act 4 of 2006 wef 25 August 2006.]

7 Vacation of office by directors and filling of vacancies

(1) A director shall vacate his or her office-

(a) if his or her estate is sequestrated;

(b) if he or she becomes mentally ill as defined in the Mental Health Care Act, 2002 (Act 17 of 2002);

[Para *(b)* subsituted by sec 6(1) of Act 5 of 2010 wef 8 June 2010.]

(c) if he or she is convicted of an offence and is sentenced to imprisonment without the option of a fine;

(d) if he or she resigns as director;

(e) if he or she is removed from office in terms of subsection (2);

(f) upon his or her election as member of the National Assembly or National Council of Provinces or a Provincial Legislature or a Municipal Council;

[Para *(f)* subsituted by sec 6(1) of Act 5 of 2010 wef 8 June 2010.]

(g) upon the attainment of the age of 65 years.

(2) A director may be removed from office by the responsible Member on account of misconduct, mismanagement of funds or for any adequate reason.

[Subsec (2) substituted by sec 9 of Act 9 of 1999 wef 3 February 2000 and by sec 10 of Act 4 of 2006 wef 25 August 2006.]

(3) If a director ceases to hold office, the responsible Member shall, subject to the provisions of section 5, appoint a person to fill the vacancy on the board of directors.

8 Chairperson, deputy chairperson and acting chairperson

(1) The responsible Member shall designate one of the directors as chairperson and another as deputy chairperson of the board of directors of the Corporation.

(2) If the chairperson or deputy chairperson of the board of directors ceases to hold office as director or as chairperson of the board of directors, the responsible Member shall, subject to the provisions of subsection (1), designate a new chairperson or deputy chairperson.

(3) Whenever the chairperson is absent or is unable to perform his or her functions as chairperson, the deputy chairperson shall act as chairperson during the absence or incapacity of the chairperson.

(4) The deputy chairperson shall, while acting as chairperson, have all the powers and perform all the functions of the chairperson.

[Sec 8 substituted by sec 11 of Act 4 of 2006 wef 25 August 2006.]

9 Chief Executive Officer

(1) The responsible Member, after consultation with the board, shall appoint a Chief Executive Officer of the Corporation.

(2) The Chief Executive Officer of the Corporation shall occupy himself or herself full-time with the affairs of the Corporation.

(3) The Chief Executive Officer shall hold office on such conditions (including the payment of remuneration and allowance) as the responsible Member may determine.

(4) The Chief Executive Officer shall be an *ex officio* member of the board.

(5) The Chief Executive Officer may be appointed for a period not exceeding five years.

[Sec 9 amended by sec 10 of Act 9 of 1999 wef 3 February 2000 and substituted by sec 12 of Act 4 of 2006 wef 25 August 2006.]

9A Committees of the board of directors

(1) The board of directors may from time to time appoint a committee to exercise the powers and perform the functions delegated or assigned to it by the board of directors.

(2) A committee shall consist of-

(a) such members of the board of directors as the board of directors may designate; or

(b) such members of the board of directors as the board of directors may designate and such other persons as the board of directors may co-opt in terms of section 9B.

(3) The board of directors shall designate the chairperson of the committee.

(4)*(a)* A committee shall exercise its powers and perform its functions subject to the provisions of this Act and such directives of the board of directors as are not in conflict with such provisions.

(b) Any delegated power or function so exercised or performed shall be deemed to have been exercised or performed by the board of directors.

[Sec 9A inserted by sec 7 of Act 5 of 2010 wef 8 June 2010.]

9B Co-opting of persons

(1) If the board of directors is of the opinion that a particular person is able to assist the board of directors in the consideration of a particular matter by the board of directors, the board of directors may co-opt that person for that purpose.

(2) A person so co-opted shall not be entitled to vote at any meeting of the board of directors or a committee of the board of directors.

(3) A person who is co-opted and not employed by government may, in respect of their services, be paid such remuneration and allowances from the funds of the board of directors as may be determined by the responsible Member, after consultation with the Member of the Executive Council responsible for Finance.

[Sec 9A inserted by sec 8 of Act 5 of 2010 wef 8 June 2010.]

10 Vacation of office by Chief Executive Officer

(1) The Chief Executive Officer of the Corporation shall vacate his or her office-

(a) if he or she resigns;

(b) if he or she is removed from office due to misconduct, mismanagement of

funds or for any adequate reason.

(2) If the Chief Executive Officer ceases to hold office, the responsible Member shall, within a reasonable time and subject to the provisions of section 9(1), appoint a person as the Chief Executive Officer.

[Sec 10 amended by sec 11 of Act 9 of 1999 wef 3 February 2000 and substituted by sec 13 of Act 4 of 2006 wef 25 August 2006.]

10A Appointment of company secretary

(1) The board of directors shall appoint the company secretary.

(2) The company secretary shall hold office on such terms and conditions (including the payment of remuneration and allowances) as determined by the board of directors.

(3) The company secretary shall be responsible for all administrative work in connection with the performance of the duties or the exercise of the powers of the board of directors.

(4) The company secretary has the responsibilities of a company secretary as prescribed by the Companies Act, 1973.

[Sec 10A inserted by sec 9 of Act 5 of 2010 wef 8 June 2010.]

11 Meetings and decisions

(1) A meeting of the board of directors of the Corporation shall be held at a time and place to be determined by the chairperson of the board: Provided that the board of directors may not meet more than 6 times a year.

[Sub-sec (1) substituted by sec 3(1) of Act 5 of 2011.]

(1A) The chairperson may, if justified by the circumstances, at any time on reasonable notice convene an extraordinary meeting of the board of directors to be held at a time and place determined by him or her: Provided that the chairperson must submit a report to the responsible Member stating the circumstances and reasons for calling a specified meeting.

[Sub-sec (1A) inserted by sec 3(2) of Act 5 of 2011.]

(2) The chairperson of the board of directors, or the deputy chairperson or any director acting as chairperson in their absence, as the case may be, and at least 50 percent of the other directors shall constitute a quorum for any meeting of the board.

(3) The decision of the majority of the directors present at a meeting of the board, shall constitute a decision of the board of directors, and in the event of an equality of votes relating to any matter the chairperson of the board or the deputy chairperson or any director acting as chairperson in their absence, as the case may be, shall have a casting vote in addition to his or her deliberative vote.

(4) No decision taken by the board of directors or act performed under authority of the board of directors shall be invalid by reason only of a vacancy on the board or by reason of the fact that a person, who is not entitled to sit as a director, sat as a director at the time when the decision was taken or the act was authorised, if the decision was taken or the act was authorised by the requisite majority of the directors who were present at the time and entitled to sit as directors.

[Sec 11 substituted by sec 14 of Act 4 of 2006 wef 25 August 2006.]

11A Disclosure of interest by directors

(1) The provisions of section 234, 235, 237(1), (4) and (5) of the Companies Act, 1973 (Act 61 of 1973), shall *mutatis mutandis* apply in respect of a director, and

in such application, unless the context indicates otherwise, any reference therein to a company, a director or an officer of a company shall be construed as a reference to the Corporation, director or an officer of the Corporation, as the case may be.

(2) Any declaration of interest made in terms of subsection (1) shall be recorded in the minutes of the meeting of the board at which the declaration was made.

[Sec 11A inserted by sec 15 of Act 4 of 2006 wef 25 August 2006.]

12 Minutes

(1) The Corporation shall cause minutes of the proceedings at meetings of the board of directors to be entered in a minute-book kept for that purpose at the head office of the Corporation.

(2) The minutes of any meeting of the board of directors purporting to be signed by the chairperson of the board or the person designated under section 8(3) to act as chairperson of the board, as the case may be, shall in any court of law be *prima facie* proof of the taking place of anything which, according to such minutes, took place at such meeting.

(3) The responsible Member may at any time require a minute-book of the Corporation to be submitted to him or her for inspection.

13 Loans to directors

No loans shall be made directly or indirectly out of the funds of the Corporation or any other funds administered by the Corporation to a director, without the prior written consent of the responsible Member.

[Sec 13 substituted by sec 12 of Act 9 of 1999 wef 3 February 2000.]

14 Insurance

The Corporation may provide insurance cover-

(a) for a director in respect of bodily injury, disablement or death, or any other loss or damage, resulting solely and directly from the performance of his or her duties as a director; and

[Para *(a)* substituted by sec 13 of Act 9 of 1999 wef 3 February 2000.]

(b) for the Corporation against any loss, damage, risk or liability which it may suffer or incur.

15 . . .

[Sec 15 repealed by sec 14 of Act 9 of 1999 wef 3 February 2000.]

16 . . .

[Sec 16 deleted by sec 10 of Act 5 of 2010 wef 8 June 2010.]

17 . . .

[Sec 17 deleted by sec 16 of Act 4 of 2006 wef 25 August 2006.]

18 Financial year of Corporation

The financial year of the Corporation shall terminate on 31 March in each year.

19 Audit

The account books, statements of accounts and annual financial statements of the Corporation shall be audited annually by the Auditor-General.

20 . . .

[Sec 20 deleted by sec 17 of Act 4 of 2006 wef 25 August 2006.]

21 . . .

[Sec 21 deleted by sec 18 of Act 4 of 2006 wef 25 August 2006.]

22 Appropriation of income and property of Corporation and profits

Save as expressly otherwise provided in this Act, the Corporation shall apply all its income and property and all its profits exclusively to the promotion and attainment of its objects, and no profits shall be distributed to any person.

23 Repeal of laws and saving

(1) Subject to the provisions of subsections (2) and (3) the laws referred to in the Schedule are hereby repealed.

(2) At the commencement of this Act-

(a) all assets, liabilities, rights and obligations of a dissolved corporation shall vest in the Corporation: Provided that the responsible Member may by notice in the *Provincial Gazette* further regulate matters relating to the assets, liabilities, rights and obligations of the Corporation, including the transfer thereof to any entity, person or body: Provided further that such administrative records and other documents of a dissolved corporation as may be determined by the responsible Member shall be transferred to the Corporation, or such entity, person or body;

[Para *(a)* substituted by sec 15 of Act 9 of 1999 wef 3 February 2000.]

(b) any person who immediately before such commencement was an employee of a dissolved corporation shall become an employee of the Corporation: Provided that the appointment of such an employee to a post within the Corporation and the determination of the location where such an employee will be stationed shall be done by the responsible Member: Provided further that the responsible Member may by notice in the *Provincial Gazette* regulate matters relating to the further transfer of an employee of the Corporation;

(c) any person who immediately before such commencement was director of a dissolved corporation shall retire: Provided that the responsible Member may appoint such person as a director of the Corporation.

(3) Anything done before the commencement of this Act in terms of the provisions of a repealed Act-

(a) by or on behalf of a dissolved corporation and which could have been done by the responsible Member in terms of the provisions a this Act, shall be deemed to have been done by the responsible Member in terms of the latter provisions;

(b) by or on behalf of the responsible Member and which could have been done by him or her in terms of the provisions of this Act, shall be deemed to have been done by the responsible Member in terms of the latter provisions;

(c) by or on behalf of a dissolved corporation and which could have been done by the Corporation in terms of the provisions of this Act shall be deemed to have been done by the Corporation in terms of the latter provisions.

(4) The responsible Member may if he or she deems it fit pay an amount ex *gratia* to any person who in terms of the provisions of subsection (2)*(b)* becomes a employee of the Corporation and whose services are terminated by the Corporation

as a result of the reorganization of its staff, if the responsible Member is of the opinion that such reorganization is the direct result of the repeal of the provisions of a repealed Act, and the enactment of the provisions of this Act.

(5) The registrar of deeds concerned shall as soon as may be practicable after the commencement of this Act make such entries or endorsements in or on any relevant register, title deed or other document in his or her office or submitted to him or her, as he a she may deem necessary in order to give effect to the provisions of subsection (2)*(a)*, and no transfer duty, stamp duty, office fee or other charge shall be payable in respect of any transfer in terms of subsection (2)*(a)* or in respect of any such entry or endorsement.

23A Liquidation

The Corporation shall not be liquidated or placed under judicial management unless the Executive Council of the Province has taken special resolution to that effect.

[Sec 23A inserted by sec 16 of Act 9 of 1999 wef 3 February 2000.]

23A [sic] Limitation of liability

Neither the State nor any organ of state or person exercising any power or performing any duty in terms of this Act is liable for any loss or damage resulting from an act or omission in good faith in the exercise of such power or the performance of such duty, unless gross negligence is proved.

[Sec 23A [sic] inserted by sec 4 of Act 5 of 2011.]

24 Short title and commencement

This Act shall be called the Free State Development Corporation Act, 1995.

SCHEDULE
LAWS REPEALED

No.	Title and year of law
1.	Qwaqwa Corporations Act, 1984 (Act 11 of 1984)
2.	Qwaqwa Corporations Amendment Act, 1988 (Act 16 of 1988)
3.	Qwaqwa Corporations Amendment Act, 1989 (Act 16 of 1989)
4.	Bophuthatswana National Development Corporation Ltd Act, 1993 (Act 37 of 1993)

SOUTH AFRICAN AIRWAYS

South African Airways
Procurement (BAC Admin Office)
4th Floor Block A
Airways Park
1627

Private Bag x13
ORTIA
Kempton Park
1627

Tel: 27 11 978-6009

EXCEPT FROM THE ROUND-ROBIN APPROVAL PROCESS OF THE SAA BID ADJUDICATION COUNCIL HELD ON 14 APRIL 2016

1.1 FINANCIAL TRANSACTIONAL ADVISORY SERVICES TO SOUTH AFRICAN AIRWAYS.

THE BAC RESOLVED:

- To support the bid evaluation committee's request to appoint BnP Capital (Pty) Ltd to provide financial advisory services to South African Airways at an estimated total cost of R2 689 830.00 VAT included.

True excerpt of the round-robin.

BAC Administration Office

BAC Secretariat
SOUTH AFRICAN AIRWAYS
South African Airways (Pty) Ltd
Registration No 1997/022444/07

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICAN AIRWAYS
A STAR ALLIANCE MEMBER

SAA Submission
SAA Private and Confidential
For internal use only

To:	Chief Executive Officer (CEO)
From:	Global Supply Management (GSM)
Date:	18 April 2016

REQUEST FOR CEO APPROVAL OF THE RECOMMENDATION TO AWARD THE CONTRACT FOR THE PROVISION OF FINANCIAL ADVISORY SERVICES.

The CEO is hereby requested to approve the Bid Evaluation Committee's recommendation to award the contract for the Provision of Financial Advisory Services to BnP Capital (Pty) Ltd, at a total cost of R2 689 830.00 VAT included.

The Bid Evaluation Committee's request was supported by the BAC on 14 April 2016, and the submission and resolution are attached as Annexure A.

SIGNATURES:

1. Compiled and verified that the submission is in line with the SAA SCM Policy

Silas Matsaudza
Commodity Manager

18-04-2016
Date

2. Supported by:

Lester Peter
Acting CPO

19/04/2016
Date

Phumeza Nhantsi
Interim CFO

19/04/2016
Date

3. Approved by:

Musa Zwane
Acting CEO

19/04/2016
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

Re: BNP Capital (Pty) Ltd

AFFIDAVIT ON BEHALF OF FINANCIAL SECTOR CONDUCT AUTHORTY

I, the undersigned,

CAROLINE DEY DA SILVA

declare under oath as follows:

INTRODUCTION

1. I am a member of the Transitional Management Committee ("TCM") of the Financial Sector Conduct Authority ("the Conduct Authority") established in terms of section 56 of the Financial Sector Regulation Act, 9 of 2017 ("FSR Act") read with Notice 169 of 2018 (*Government Gazette* 41549 of 29 March 2018) ("the Commencement Notice") and the Regulations made in terms of the FSR Act (*Government Gazette* 41550 of 29 March 2018) ("the Regulations").

2. The Conduct Authority's main objectives include enhancing and supporting the

efficiency and integrity of financial markets, protecting financial customers by promoting their fair treatment by financial institutions and assisting in maintaining financial stability.

3. The Conduct Authority came into existence on 1 April 2018 with the advent of the so-called "twin peaks" model of regulation introduced by the FSR Act during 2017.

4. The Conduct Authority, which is one of the "peaks" (the other being the Prudential Authority contained within the South African Reserve Bank) took over the functions of regulating and supervising the conduct of financial institutions previously performed by the Financial Services Board ("FSB") and, in the context of this matter, the Registrar of Financial Services Providers.

5. The presently relevant features of the transition of functions from the FSB to the Conduct Authority are as follows:

   5.1. The Executive Officer of the FSB in that capacity was, in terms of various statutory enactments ("sectoral legislation"), including the Financial Advisory and Intermediary Services Act, 37 of 2002 ("the FAIS Act") the Registrar for purposes of enforcing legislation applicable to financial institutions. As such the Executive Officer was the Registrar of Financial Services Providers ("the Registrar").

   5.2. Section 290 of the FSR Act, read with Schedule 4 and paragraph (h) of the

Commencement Notice, effected certain amendments to the sectoral legislation, including the FAIS Act, which included substituting the Conduct Authority for the FSB and the Registrar.

5.3. The Regulations provide for the management by the TMC of the transitional process of disestablishing the FSB and establishing the Conduct Authority.

5.4. For purposes of the transition, the Chairperson of the FSB, Mr Abel Sithole, was designated in terms of Regulation 3(1)(d) to perform the functions of the Commissioner of the Conduct Authority.

5.5. In terms of section 62(1) of the FSR Act, the Commissioner is responsible for the day-to-day management and administration of the Conduct Authority and is required to perform its functions.

5.6. Section 71 of the FSR Act however empowers the Commissioner to delegate any power or duty assigned to him under the FSR Act and the sectoral legislation as well as the FI Act.

6. I am competent to depose to this affidavit for the following reasons:

6.1. Prior to the establishment of the Conduct Authority, the workload of the Registrar was divided between a number of Deputy Executive Officers, each responsible for a Division of the FSB.

6.2. From my appointment on 1 September 2013, I was the Deputy Executive Officer responsible for the division supervising and enforcing compliance with the FAIS Act.

6.3. Prior to 1 April 2018, by virtue of the provisions of section 2 of the FAIS Act, I was the Deputy Registrar of Financial Services Providers and I exercised the powers and duties of the Registrar under delegation.

6.4. Upon the establishment of the Conduct Authority I have, under delegation from Mr Sithole, been tasked with the exercise of the powers and duties of the Commissioner under the FAIS Act.

7. The facts contained herein are within my personal knowledge or appear from the records kept by the Conduct Authority except to the extent that it appears different from the context and are, to the best of my knowledge and belief, true and correct. Where I make submissions of a legal nature I do so on the advice of the Conduct Authority's legal representatives, which advice I accept as correct.

8. The following information is provided in response to the Commission's enquiry about BNP Capital (Pty) Ltd ("BNP"):

8.1 BNP was an authorised Financial Services Provider with FSP number 43315.

8.2 The licence application of BNP was approved by the Registrar on 8 November 2011. Attached as Annexure "A" is a copy of the licence issued to BNP, including the conditions attached to the licence.

8.3 BNP is not currently an authorised FSP as its licence was withdrawn on 3 November 2016.

8.4 Mr. Pholisani Daniel Mahlangu (ID 730115 5649 085) was registered as both the Key Individual ("KI") and representative of BNP. He was also the director and 70% shareholder of BNP. Both the KI approval and representative appointment was done as of BNP's authorisation date. There were no other representatives registered for BNP.

9 On 1 December 2015 the Registrar's office contacted Mr Mahlangu, the key individual of BNP, requesting proof that he had successfully completed the first level regulatory examination. As a key individual it was required of him to successfully complete the examination by 30 November 2015. A follow up email was sent to Mr Mahlangu on 18 December 2015.

10 On 13 January 2016 the Registrar's office informed Mr Mahlangu that since he failed to respond the matter will be referred for regulatory action.

11 On 13 January 2016 Mr Mahlangu responded by saying that the examinations were moved to 18 January 2016. The correspondence with Mr Mahlangu is attached as Annexure "B".

COMMISSION OF INQUIRY INTO STATE CAPTURE

12 However, despite an undertaking to write the examination by 18 January 2016, the Conduct Authority's records reflect that Mr Mahlangu was absent from the examinations on that day.

13 BNP was then issued with a Notice of Intention to Suspend Authorisation on 23 March 2016, for a contravention of section 10 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2008, because its key individual had failed to successfully compete the first level regulatory examination. Attached as Annexure "C" is a copy of the email to the licensee and the Notice of Intention to Suspend Authorisation.

14 On 12 May 2016 BNP's license was suspended. Attached as Annexure "D" is a copy of the email to the licensee and the Notice of Suspension of Authorisation.

15 Paragraph 6 of the Notice of Suspension of Authorisation set out the terms attached to the suspension of the licence. In particular, the general terms attached to the suspension of the licence were as follows:

15.1 The licensee's authorisation was suspended for three months from the date of the notice.

COMMISSION OF INQUIRY INTO STATE CAPTURE

15.2 The suspension could be lifted at any time during the period of suspension if the licensee complied with all the terms attached to the suspension.

15.3 The Registrar, at expiry of the suspension period, would proceed with the withdrawal of the licensee's authorisation if it had failed to comply with all the terms attached to the suspension.

15.4 The licensee was required to inform all affected clients and product suppliers concerned that its licence had been suspended.

15.5 The licensee was prohibited from concluding any new business as envisaged by the FAIS Act from the date of suspension.

15.6 The licensee was required, in consultation with the clients and product suppliers concerned, to take reasonable steps to ensure that any outstanding business was transferred to another authorised FSP in the best interest of the clients.

16 On 23 June 2016 the licensee requested the Registrar not to proceed with the withdrawal of its licence on the basis that, (a) its licence was up to date, (b) that the compliance reports were up to date and (c) the key individual would be writing his regulatory examination at the beginning of July 2016. This correspondence is attached as Annexure "E".

17 On 11 July 2016 the Registrar's office contacted Mr Mahlangu because the information at its disposal indicated that he still had not passed the regulatory examination and required of BNP to provide reasons why its licence should not be withdrawn.

18 Mr Mahlangu responded on the same date and indicated that he could not write the exam because of the relentless media attack on his business and because he was required to attend interviews with the media houses to clarify the allegations levelled against BNP. He indicated that he had managed to secure another date for the examination and asked that he be afforded until the end of July 2016 to meet the requirement. He provided proof of enrolment for the regulatory examination for 26 July 2016. This correspondence is attached as Annexure "F".

19 On 19 July 2016 the licensee applied for an exemption from the requirement for its key individual to successfully write the regulatory examination.

20 The exemption application was declined on 11 August 2016 and the licensee was so notified. The exemption application correspondence is attached as Annexure "G".

21 On 12 August 2016 the licensee contacted the Registrar's office to request a profile change to add Mr Samuel Matimba as the key individual for BNP.

22 On 17 August 2016 an email was received from Mr Samuel Matimba requesting the Registrar to immediately withdraw his name as an applicant for approval as the key individual for BNP. The profile change correspondence is attached as Annexure "H".

23 On 22 August 2016 BNP was informed that because of the withdrawal of the application for approval of Mr Samuel Matimba as key individual, the licensee was given until 5 September 2016 to comply, failing which the withdrawal of its licence would follow.

24 On 1 September 2016 BNP sent another profile change notification requesting that its licence be down-graded from Category II to Category I (Short – Term Bank Deposits and Long-Term Bank Deposits) due to the non-availability of a key individual who meets the fit and proper requirements in respect of Category II activities in compliance with FAIS requirements. This application was accompanied by an application for the approval of Ms Nikashni Gajoo (ID 7709190005081) as a key individual for BNP. The relevant documentation is attached as Annexure "I".

25 On 7 September 2016, BNP was notified through an email that its business plan was not aligned to the activities of a Category I FSP. The licensee was given until 12 September 2016 to respond to this finding. The relevant documentation is attached as Annexure "J".

26 On 13 September 2016, BNP provided a revised business plan. The business plan is attached as Annexure "K".

27 On 16 September 2016 the Registrar's office confirmed that it had reviewed the amended business plan and the subsequent explanatory notes from the licensee. As further clarity was still required, the licensee was requested to avail itself for a meeting at the FSB's offices on 20 September 2016 or 21 September 2016. The meeting was subsequently held on 22 September 2016. The relevant documentation is attached as Annexure "L".

28 On 23 September 2016 the Registrar's office confirmed that it had been resolved at the meeting that the licensee would be afforded another opportunity to amend the business plan to appropriately reflect the business activities in which it was involved. On the same day, an article appeared on the *Business Day Live* website. The article was forwarded to the licensee for comment as the details about its activities contradicted what the licensee had earlier explained to the Registrar's office. This correspondence is attached as Annexure "M".

29 On 26 September 2016, the licensee indicated that it had been misquoted by the media.

COMMISSION OF INQUIRY INTO STATE CAPTURE

30 On 7 October 2016, the nominated key individual of the licensee, Ms Nikashni Gajoo, was invited to a meeting to be held at the FSB's offices on 12 October 2016. The meeting was subsequently held in the presence of the nominated key individual and Mr. Mahlangu. The relevant correspondence is attached as Annexure "N".

31 On 13 October 2016, the Registrar's office issued BNP with a letter confirming the details of the discussion at the meeting held on 12 October 2016 and that the business activities of the licensee as explained by Mr Mahlangu fell outside the scope of the FAIS Act. The licensee was given an option to lapse the licence. It was indicated that the failure to do so would result in the Registrar withdrawing the licence. The licensee acknowledged the contents of the letter and indicated that it would lapse the licence. The relevant documentation is attached as Annexures "O" and "P" respectively.

32 However, a profile change for the lapsing of BNP's licence in accordance with section 11 of the FAIS Act, was not received.

33 On 3 November 2016 BNP was issued a Notice of Withdrawal of Authorisation. Attached as Annexure "Q" is a copy of the email addressed to the licensee and the Notice of Withdrawal of Authorisation.

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34 On 9 July 2018 the Conduct Authority received a request from the South African Police Service for an affidavit regarding the licensee. The case number was C/26/102/2. The requested affidavit was provided on 3 August 2018. The Conduct Authority has not been able to locate a copy of the signed affidavit and could also not obtain a copy from the investigating officer. A copy of the final draft affidavit is attached as Annexure "R".

35 BNP was licensed to provide financial advice and intermediary services as follows:

Category I	A	B
1. 8 Securities and Instruments: Shares	Yes	Yes
1. 9 Securities and Instruments: Money market instruments	Yes	Yes
1.10 Securities and Instruments: Debentures and securitised debt	Yes	Yes
1.11 Securities and Instruments: Warrants, certificates and other instruments	Yes	Yes
1.12 Securities and Instruments: Bonds	Yes	Yes
1.13 Securities and Instruments: Derivative instruments	Yes	Yes
1.17 Deposits Defined in the Banks Act - exceeding 12 months	Yes	Yes
1.18 Deposits defined in the Banks act - 12 months or less	Yes	Yes
Category II		
2. 5 Securities and Instruments: Shares		Yes
2. 6 Securities and Instruments: Money market instruments		Yes
2. 7 Securities and Instruments: Debentures and securitised debt		Yes
2. 8 Securities and Instruments: Warrants, certificates and other instruments		Yes
2. 9 Securities and Instruments: Bonds		Yes
2.10 Securities and Instruments: Derivative instruments		Yes
2.13 Long-term Deposits		Yes
2.14 Short-term Deposits		Yes

COMMISSION OF INQUIRY INTO STATE CAPTURE

36 In terms of the FAIS Act "advice" means, subject to subsection (3)(a), any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients -

(a) in respect of the purchase of any financial product; or

(b) in respect of the investment in any financial product; or

(c) on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product; or

(d) on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product, and irrespective of whether or not such advice -

(i) is furnished in the course of or incidental to financial planning in connection with the affairs of the client; or

(ii) results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being effected.

37 In terms of the FAIS Act 'intermediary service' means, subject to subsection (3)(b), any act other than the furnishing of advice, performed by a person-

(a) the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product; or

(b) with a view to-

(i) buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product;

(ii) collecting or accounting for premiums or other moneys payable by the client in respect of a financial product; or

(iii) receiving, submitting, processing or settling the claims of a client in respect of a financial product.

38 From these definitions it is apparent that only advice and intermediary services that relate to "financial products" fall within the regulatory ambit of the FAIS Act and are subject to the jurisdiction of the Conduct Authority. Put differently, when a financial services provider conducts, as part of its business, an activity unrelated to any financial product, such activity does not fall under the FAIS Act as there is no financial product involved.

39 BNP was authorised to provide advice and intermediary services (as defined) in respect of the product categories as set out in in the table under paragraph 35 above. Any other activities or services which BNP may have been providing in the course of its business, which did not fall within the definitions or were unrelated to any financial product as defined in the FAIS Act were therefore not subject to the jurisdiction of the FSB/Registrar. The activity of providing advice on fundraising or the sourcing of funds is not an activity that falls within the ambit of the FAIS Act,

unless it involves one of the activities referred to in paragraphs 36 of 37 above. When it was discovered that BNP's business activities are unrelated to FAIS, it was required to lapse its licence. The reason is that licences issued by the regulator are not commercial commodities which may be used, i.e. the fact that a licence was issued, to lend the veneer or validity or respectability to other and unrelated business activities undertaken by a provider. If no FAIS activity is undertaken for which the licence was issued, the licence must either be lapsed, or it will be withdrawn.

40 Against this background the Conduct Authority provides the following answers to the question posed in paragraph 5.3 of the Commission's letter of 29 January 2019:

40.1 Upon the suspension and later withdrawal of BNP's licence, BNP was not permitted to render any financial services, i.e. advice or intermediary services relating to the financial products for which it was approved.

40.2 The suspension and later withdrawal of BNP's licence did not affect any other business activity which may have been undertaken unrelated or outside of the FAIS Act. The regulatory action taken by the Registrar against BNP therefore did not affect such other activities or services.

COMMISSION OF INQUIRY INTO STATE CAPTURE

CAROLINE DEY DA SILVA

I certify that:

i. the deponent acknowledged to me that:
(a) she knows and understands the contents of this declaration;
(b) she has no objection to taking the prescribed oath;
(c) she considers the prescribed oath to be binding on her conscience;

ii. the deponent thereafter uttered the words "I swear that the contents of this declaration are true, so help me God";

iii. the deponent signed this declaration in my presence at the address set out hereunder on this the 27 day of May 2019.

COMMISSIONER OF OATHS

FULL NAMES:

CAPACITY:

ADDRESS:

Micha Le Grange
COMMISSIONER OF OATHS
PRACTISING ATTORNEY RSA
CORPORATE PLACE • NORTH BLOCK
39 SELATI STREET • ASHLEA GARDENS
TEL: (012) 460-8704 • FAX: (012) 460-5358

COMMISSION OF INQUIRY INTO STATE CAPTURE

CAS

Annexure "A"

2011/00283/FSP
02/12/2011

FINANCIAL SERVICES BOARD

LICENCE No. 43315

FINANCIAL SERVICES PROVIDER
Financial Advisory and Intermediary Services Act, 2002

It is hereby certified that with effect from 8 November 2011

BNP CAPITAL (PTY) LTD

IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT NO. 37 OF 2002)
subject to the conditions and restrictions set out in the Annexure

.....

REGISTRAR OF FINANCIAL SERVICES PROVIDERS

This document to be displayed in terms of section 8(8)(a) of the Act. The Annexure to be available for the information of clients.

COMMISSION OF INQUIRY INTO STATE CAPTURE

2011/00283/FSP
02/12/2011

ANNEXURE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

CONDITIONS AND RESTRICTIONS

Licence no : 43315

Issued to : BNP CAPITAL (PTY) LTD

1. **The licence authorises the licensee to carry on business in respect of**

Financial advisory services as Financial Services Provider in respect of the following products :
Securities and Instruments : Shares in a company other than a "share block company" as defined in the Share Blocks Control Act, 1980, Money-market instruments, Debentures and securitised debt, Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities, Bonds, Derivative instruments, Deposits as defined in the Banks Act

Financial intermediary services as Financial Services Provider in respect of the following products :
Securities and Instruments : Shares in a company other than a "share block company" as defined in the Share Blocks Control Act, 1980, Money-market instruments, Debentures and securitised debt, Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities, Bonds, Derivative instruments, Deposits as defined in the Banks Act

Discretionary Financial Services Provider in respect of the following products :
Securities and Instruments : Shares in a company other than a "share block company" as defined in the Share Blocks Control Act, 1980, Money-market instruments, Debentures and securitised debt, Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities, Bonds, Derivative instruments, Long-term Deposits, Short-term Deposits

2. **Further conditions/ restrictions:**

1 The financial services provider must inform the Registrar in writing, by facsimile or in an appropriate electronic format, within 15 days after the change has taken place, of any change in respect of business information of the financial services provider as provided in Form FSP1, FSP3, FSP4, FSP9, FSP10, FSP10A or FSP11, respectively, of the Application Form which was submitted by the provider for purposes of obtaining a licence, and in particular relating to the provider's representatives, auditor, compliance officer or any foreign clearing firm or foreign forex service provider involved (if any) and nominee company or independent custodian involved or the shareholders, directors or trustees of any such company or custodian (If any).

2 The financial services provider must at all times during the currency of the provider's licence maintain the services of any key individual or key individuals mentioned in the information submitted on the said Application Form, and must as regards changes in respect of such information relating to a key individual, or appointment of a new key

ANNEXURE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

CONDITIONS AND RESTRICTIONS

individual, of the provider, in addition to acting also in such cases in accordance with the procedure and time limit set out in Condition 1, also ensure full compliance with section 8(4)(b) of the Act, the provisions of which must be regarded as included in this Condition.

3 The financial services provider must within one month of the date contemplated in section 7 of the Act, submit a copy of the register kept in terms of section 13(3) of the Act to the Registrar, and must thereafter in accordance with the procedure and time limit set out in Condition 1, inform the Registrar of any change effected to the details as contained in that register.

4 The financial services provider must not in any manner change the name of the financial services business as reflected on the licence concerned, or carry on any financial services business under such a changed name, unless- (a) the provider has fully complied with the provisions of any other law than the Act which regulates such change of business name (if any); (b) the provider has fully disclosed to the Registrar the details of such compliance with such other law; (c) the Registrar is satisfied that such change of name is otherwise lawful and has approved such change of name; and (d) the Registrar has issued to the provider an appropriately amended licence under the provisions of section 8(5)(b)(i) of the Act.

5 The financial services provider must at all times ensure that any financial product in respect of which the provider intends to render a financial service, qualifies as a financial product contemplated in the Act and is or will be lawfully issued by the relevant product supplier by virtue of an authority, approval or right granted to such supplier under a law as contemplated in the definition of 'product supplier' in section 1(1) of the Act.

3. Applicable exemptions (if any):

Exemption of financial services providers as regards to representatives (Board Notice 95 of 2003)
Exemption of licensees as regards display certified copies of licences (Board Notice 40 of 20040

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "B"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Wednesday, January 13, 2016 2:22 PM
To: Reginald Sebolai
Subject: RE: Exemption conditions - FSP 43315

Dear Reginald,
Compliments of the new year.
I am sorry man. I just got back to work today.
I was meant to written my exams sometime in December but where moved to the 18th of this month.
Regards
Daniel

From: Reginald Sebolai [mailto:Reginald.Sebolai@FSB.co.za]
Sent: 13 January 2016 11:34 AM
To: daniel@bnpcapital.co.za
Subject: Exemption conditions - FSP 43315
mportance: High

Dear Mr Mahlangu

We refer to our emails dated 1 December 2015 and 18 December 2015 respectively to which we have not received a response. Due to lack of response on your part, we have no option but to refer the matter for regulatory action.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
www.fsb.co.za

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www.mylifemymoney.co.za
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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

Sent: 18 December 2015 02:48 PM
To: daniel@bnpcapital.co.za
Subject: RE: Exemption: First level regulatory examinations - FSP 43315

Dear Mr Mahlangu

We refer to our email dated 1 December 2015 together with our telephone conversation on 9 December 2015. We are still awaiting a response regarding compliance with your exemption conditions. Kindly ensure that we receive a response within 5 days from date hereof.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
www.fsb.co.za

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Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Reginald Sebolai
Sent: 01 December 2015 10:26 AM
To: 'daniel@bnpcapital.co.za'
Subject: Exemption: First level regulatory examinations - FSP 43315
Importance: High

Dear Mr Mahlangu

We refer to your exemption from section 3(4) and 6(3)(b) of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 in relation to the first level regulatory examination. The exemption was granted subject to the following conditions:

1. That you successfully complete the first level regulatory examination by **30 November 2015**; and

2. That prior to rendering any financial service to a client, disclose prominently in writing that you have been exempted from the relevant first level regulatory examination requirement.

You are hereby required to furnish our office (by close of business today) with proof that you have successfully completed the relevant first level regulatory examination. Take note that the exemption granted to you is subject to amendment or withdrawal if the conditions are not met.

Kind regards

Tshepo Sebolai
Analyst
FAIS Supervision Department
Financial Services Board
E-mail: reginald.sebolai@fsb.co.za
Tel: (012) 422 2902
Fax: (012) 422 2973
www.fsb.co.za

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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

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Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Wednesday, January 13, 2016 2:22 PM
To: Reginald Sebolai
Subject: FW: Reminder of booking on 2016-01-18
Attachments: Registration for Regulatory Examinations - Important Information.pdf; Examinations_Cancellation_Clause.pdf

From: Faisexam website [mailto:faisexam@moonstoneinfo.co.za]
Sent: 13 January 2016 12:13 AM
To: Faisexam Registrar
Subject: Reminder of booking on 2016-01-18

Dear Daniel Mahlangu

This serves as a reminder of your exam on 2016-01-18

Your Upcoming bookings:

- Exam: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV
- Exam Date: 2016-01-18
- Exam Start time: 13:30
- Booking Status: Confirmed
- Venue: JHB-Sandton Sinosteel Plaza
- Directions:

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

- Exam: RE3 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA
- Exam Date: 2016-02-22
- Exam Start time: 13:30
- Booking Status: Confirmed
- Venue: JHB-Sandton Sinosteel Plaza
- Directions:

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

A MAP WITH A PICTURE OF THE VENUE IS AVAILABLE FROM OUR WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

You can contact us at faisexam@moonstoneinfo.co.za or 021 883 8000 should you require any further information.

http://www.moonstone.co.za/services/regulatory-exam-body/re-library/#Preparation%20Guidelines%20and%20Qualifying%20Criteria

Thank you for your support

Moonstone Admin

Important Aspects on the day of the examination
It is important that you are at the venue 30 minutes before the commencement of the Regulatory Examination.
Identification:
Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document/ driver's license/ passport.
South African citizens must provide a valid identity number and citizens of other countries must provide a valid passport number or proof. Proof of identity must be shown before they will be admitted to examinations.
FSB RE Examination Preparation Documents can be downloaded from http://www.moonstone.co.za/services/regulatory-exam-body/re-library/#Preparation%20Guidelines%20and%20Qualifying%20Criteria

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Annexure "C"

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Wednesday, March 23, 2016 2:24 PM
To: 'daniel@bnpcapital.co.za'
Subject: Intention to Suspend : 43315
Attachments: SKMBT_42316032314040

Dear Sir / Madam

The above mentioned matter refers.

Kindly peruse and attend to timeously and accordingly.

Thanks

Kind regards

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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COMMISSION OF INQUIRY INTO STATE CAPTURE

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Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7165
OUR REF:	Case No: 602387 FSP No:43315	FAX:	(012) 422 2973
DATE:	18 March 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF INTENTION TO SUSPEND AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The licensee is hereby notified of the intention of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

2. The grounds of the intended suspension are as follows:
   - The key individual of the licensee does not meet or no longer meets the fit and proper requirements applicable to the key individual

3. The reasons that inform the grounds for the Registrar's intention to suspend the licensee's authorisation are set out below.

The key individual of the licensee does not meet or no longer meets the fit and proper requirements

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

COMMISSION OF INQUIRY INTO STATE CAPTURE

- In terms of section 10 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (the Determination of Fit and Proper Requirements), read with Board Notice 105 of 2008 and subject to any exemptions granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual listed in the Table below has failed to successfully complete the relevant first level regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements

ID	Name
730115 5649 08 5	Mr Pholisani Daniel Mahlangu

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

4. Intended period of suspension

4.1 If the ultimate decision of the Registrar is to suspend the licensee's license –

(a) the licensee's authorisation will be suspended for three months.

(b) the suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with all the terms attached to the suspension.

COMMISSION OF ENQUIRY INTO STATE CAPTURE

4.2 The Registrar, at expiry of the period referred to in paragraph 4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

5. Terms to be attached to the intended suspension

The Registrar, if the ultimate decision is to suspend the authorisation of the licensee, intends to attach the following terms to the suspension of the licensee's licence:

5.1 General terms

- The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

- The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

- The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

5.2 Terms for the lifting of the suspension

- The licensee must-
  a) rectify all the contraventions and/or non-compliances referred to in this letter in order for the Registrar to consider the lifting of the suspension of its authorisation where the ultimate decision of the Registrar is to suspend licensee's licence and must submit proof of such compliance; and

  b) submit proof that it had complied with the General Terms of the suspension.

COMMISSION OF INQUIRY INTO STATE CAPTURE

6. The licensee is hereby afforded an opportunity to respond to this letter and to provide reasons to the Registrar as to why the suspension of its authorisation should not be affected and/or why the terms should not be attached to the suspension. Such reasons are to be furnished as soon as possible after receipt of this letter but not later than 31 March 2016. If no response is received within the prescribed period this Office will proceed with the suspension of the licence.

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "D"

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Thursday, May 12, 2016 1:44 PM
To: 'daniel@bnpcapital.co.za'
Subject: RE: Suspension - FSP 43315
Attachments: SKMBT_42316051213320.pdf

Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7218
OUR REF:	Case No: 602367 FSP No: 43315	FAX:	(012) 422 2973
DATE:	26 April 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43
SUNNINGHILL
SANDTON
2157

Per electronic mail:daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF SUSPENSION OF AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The notice of intention to suspend the authorisation of the licensee dated **18 March 2016** refers.

2. For the record, in terms of the abovementioned intention letter you were afforded an opportunity to provide this office with your response before end of business day **31 March 2016**, but you failed to utilise this opportunity that was at your disposal.

3. The licensee is hereby notified of the decision of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

4. **GROUNDS OF SUSPENSION**

The grounds of the suspension are as follows:

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

COMMISSION OF INQUIRY INTO STATE CAPTURE

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements applicable to the licensee and/or key individual.

5. REASONS FOR SUSPENSION

The reasons that inform the grounds for the Registrar's decision to suspend the licensee's authorisation are set out below.

- The In terms of section 10 of the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (the Determination of Fit and Proper Requirements), read with Board Notice 105 of 2008 and subject to any exemptions granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual listed in the Table below has failed to successfully complete the relevant first level regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements.

ID	Name
730115 5649 08 5	Mr Pholisani Daniel Mahlangu

- The key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

6. SUSPENSION OF LICENCE

The licensee's licence is hereby suspended with immediate effect based on the grounds and reasons detailed above.

6.1. Period of suspension

(a) The licensee's authorisation is suspended for a period of three months from the date of this notice.

(b) The suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with the terms for the lifting of the suspension referred to in in subparagraph (b) of paragraph 6.2.

6.2. Terms attached to the suspension

The Registrar attaches the following terms to the suspension of the licensee's licence:

(a) **General terms**

i. The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

ii. The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

iii. The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

(b) Terms for the lifting of the suspension

The licensee must-

i. rectify all the contraventions and/or non-compliances referred to in this letter in order for the Registrar to consider the lifting of the suspension of its authorisation and must submit proof of such compliance;

ii. submit proof that it had complied with the General terms of the suspension; and

iii. in the case of non-compliance with section 17(4), 19(2) and/or 19(3) of the Act and/or section 15A of the FSB Act, submit the outstanding financial statement(s) and/or report(s) and/or proof of payment of the prescribed levy to the Registrar *via* one of the following methods only:

(aa) electronic mail to the FAIS Compliance Department at Rialivhuwa.Mudau@fsb.co.za; or

(bb) mail or hand delivery for attention FAIS Compliance Department: Regulatory Action.

7. RIGHT OF APPEAL

The Licensee may in terms of section 39 of the Act and section 26(2) of the Financial Services Board Act, 1990 (FSB Act), appeal against the decision of the Registrar. Such appeal must be lodged-

(a) with the secretary of the Board of Appeal; and

(b) **within 30 days** after the decision of the Registrar to withdraw the licensee's licence becomes known to the licensee.

The procedure for lodging an appeal is set out on the website of the FSB at www.fsb.co.za. Any query relating to an appeal can be directed to leg.appealboard@fsb.co.za.

8. **NOTICE OF INTENTION TO WITHDRAW THE LICENSEE'S AUTHORISATION AND TERMS OF INTENDED WITHDRAWAL**

8.1. This letter further serves as a notice of the Registrar's intention to withdraw the licensee's authorisation to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Act should the licensee fail to rectify all the contraventions and/or non-compliances referred to in this letter by **22 July 2016**.

8.2. The grounds for the Registrar's intended decision to withdraw the licensee's licence are listed in paragraph 4 above and the reasons that inform those grounds are detailed in paragraph 5 above.

8.3. The Registrar intends to attach the following terms to the withdrawal of the licensee's licence:

(a) The licensee must inform all affected clients and product suppliers concerned that its licence has been withdrawn.

(b) The licensee is prohibited from concluding any new business as envisaged by the Act.

(c) The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

COMMISSION OF INQUIRY INTO STATE CAPTURE

8.4 The licensee is hereby afforded an opportunity to provide reasons to the Registrar as to why the withdrawal of its authorisation as contemplated in paragraph 8.1 read with paragraph 8.2 should not be effected and/or why the terms should not be attached to the withdrawal. Such reasons are to be furnished by not later than 08 July 2016. If no response is received within the prescribed period this Office will proceed with the withdrawal of the licence.

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "E"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Thursday, June 23, 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315
Attachments: Letter - FSB.pdf

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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www.mylifemymoney.co.za
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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

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COMMISSION OF INQUIRY INTO STATE CAPTURE

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board

Riverwalk Office Park

Block, 41 Matroosberg

Ashlea Gardens

Pretoria

Per electronic mail dated: 12.05.2016

Dear Sir/Madam,

RE: Notice to Suspension of authorisation: BNP Capital (FSP number: 43315("The Licensee")

1. The notice of intention to suspend the authorisation of the licensee dated 12 May 2016 for a period of three months from the date of issue.

2. The notice of intention to withdraw the licensee's authorisation and terms of the intended withdrawal.

3. The licensee hereby appeal to the Register not proceed with the withdrawal of the authorisation given the following below:

   -the licensee is to up to date with its levies;
   -the licensee is to up to date with its compliance reports;
   -the licensee will be writing the R1 FAIS exams at the beginning of July 2016.

Yours Sincerely,

Director

Daniel Mahlangu

Director: D Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

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Annexure "F"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, July 11, 2016 10:10 PM
To: Rialivhuwa Mudau
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Attachments: Invoice.pdf; Registration Details and Venue Directions.pdf; Registration for Regulatory Examinations - Important Information.pdf

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Ms Mudau,
Please find attached proof of registration for your record.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 11 July 2016 05:13 PM
To: Daniel Mahlangu
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers as well as your subsequent response on 23 June 2016.

According to our records, you have not completed your RE Exams.

Kindly furnish the Registrar with reasons as to why we should not proceed with the withdrawal of your license.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 23 June 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co..za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

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Moonstone Information Refinery (Pty) Ltd	Tax invoice	
Reg. No.: 2000/001874/07 VAT Reg. No.: 4440187252	Date:	2016-07-11
25 Quantum Street, Techno Park, Stellenbosch, 7600 PO Box 12662, Die Boord, Stellenbosch, 7613 Tel no: (021) 883 8000 Fax no: 086 764 5342 website: www.moonstoneinfo.com	Page:	1 of 1
	Invoice No:	EB132747

Customer Details:

: Daniel
Vat no:
Person Attending: Daniel Mahlangu
Fsp Name: BNP CAPITAL (PTY) LTD
Address:
Summit Square 15 School Road Morningside Sandton

Code	Description	Quantity	Net Price
1	JHB-Sandton Sinosteel Plaza First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV (2016-07-26) 09:00	1	R 1113.00

Bank account details Moonstone Information Refinery (Pty) Ltd First National Bank /pe : Current Acc: 6227-696-2349 Branch Name: Stellenbosch Branch Code: 20-06-10 Swift Code: FIRNZAJJ	**Sub Total**	R 976.31
	VAT @ 14%	R 136.69
	Total	**R 1113.00**
Thank you for your support.		

PLEASE FAX INVOICE AND PROOF OF PAYMENT TO 086 764 5342 OR E-MAIL TO faisexam@moonstoneinfo.co.za PLEASE USE YOUR INVOICE NUMBER AS REFERENCE WHEN MAKING PAYMENT.

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Below is the information regarding your exams and directions to the venue locations

Exam: First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV
Date: 2016-07-26
Time: 09:00
Venue: JHB-Sandton Sinosteel Plaza

Directions to: JHB-Sandton Sinosteel Plaza

Location

City: Johannesburg
Suburb: Sandton
Street: Sinosteel Plaza Office 10B-2, Level 10, 159 Rivonia Road, Sandton, Johannesburg 2146
Province: Gauteng

Directions

ATTENDANCE / IDENTIFICATION:

It is important to be at the venue 30 minutes before the commencement of the Examination Session.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document / driver's licence / passport. South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport. Proof of identity must be shown before they will be admitted to examinations.

VENUE NAME AND ADDRESS:
JHB-Sandton Sinosteel Plaza
Office 10B-2, Level 10, 159 Rivonia Road, Sandton,
Johannesburg, 2146

DIRECTIONS:
From the M1 North: Take the M40 North turn-off to the left into Grayston Drive. Drive past Innesfree Park on the right, and cross the big intersection of Katherine Street. Turn right into Rivonia Road - destination will be on your left-hand side.

A MAP WITH A PICTURE OF THE VENUE IS AVAILABLE FROM OUR WEBSITE:
http://www.moonstone.co.za/download/moonstone-files/Directions to Johannesburg Examination Centre.pdf

GPS CODE:
26 Degrees 05'49" S
28 Degrees 03' 23" E

MOONSTONE

REGULATORY EXAMINATION REGISTRATION

IMPORTANT INFORMATION

It is the responsibility of the candidate to ensure that he/she is registered for the correct regulatory examination, date, time and venue. Candidates need to ensure that their surname and full names are recorded correctly.

It is the candidate's responsibility to manage his/her diary and to ensure that they know the correct date, time and location/directions of all their examinations.
If a candidate does not receive confirmation within 24 hours of scheduling the exam, he/she should contact the Examination Body immediately.

Changes to Registrations

- If the candidate wants to make changes to the examination, date, time or venue, he or she must contact the relevant Examination Body and make the necessary arrangements to reschedule.
- Rescheduling must be done at least ten working days prior to the examination date. The rescheduled date will be impacted by the availability of an examination at the venue and session required.

Cancellation Clause – STRICTLY APPLIES! Refer to FSB FAIS Circular 5/2011 dated 9 May 2011.
There is only **one exception** to the above conditions:

- A candidate, who, as a result of illness or any other unforeseen circumstances, is prevented from writing a regulatory examination on the date arranged, is required to contact the examination body within 10 working days, furnishing reasons for the absenteeism. In the event of illness, a valid and acceptable medical certificate must be submitted to the Examination Body administration concerned.
- A written application must be made, supported by medical or other evidence (which must confirm that the candidate was unable to attend the RE on the relevant date due to illness/ accident). In these circumstances a candidate will be allowed to reschedule at no cost. Applications will not be considered without evidence and the candidate will forfeit the fee.

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Registration Time frames:

We apply the following time frames for Individual registrations to ensure the smooth flow of registrations and to ensure that we deliver successfully:

- 11 working days prior to examination date, cut-off at our 4 permanent centres
- 13 working days prior to examination date, cut-off at our satellite venues.

Moonstone Examination Body reserves the right to postpone an exam due to a minimum number of 10 delegates required.

Paper based examination, multiple choice question papers must be completed using a HB pencil.

Our website, www.moonstone.co.za contains a wealth of RE information. We strongly urge you spend some time there to acquaint yourself with what to expect when you write.

Examination Fees

Examinations conducted in South Africa are subject to the South African fees.

Examinations conducted outside South Africa are subject to differentiated fees as a result of Rand exchange rates.

A review of the examination fees will be conducted from time to time.

Payment:

Payment must be made within 24 hours after registration to confirm your booking

- use your **Invoice number** as reference when making payment
- **fax proof of payment to 086 764 5342**

Once payment has been received (on condition that it is not a late payment and the correct reference number, namely Invoice number was used) booking confirmation containing the examination, venue, date, session, format of the examination and a Paid Tax Invoice will be sent to your e-mail address to notify you of the confirmation of your registration.

Special Needs

- Provisions are made for candidates with disabilities. This may include dyslexia, blindness, partially sightedness or those with dexterity impediments.
- If a candidate is disabled or has a condition which he/she believes should be taken into consideration in assessing his/her exam performance, he/she should notify the exam body in writing, enclosing medical evidence such as a doctor's letter. Applications without medical

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evidence will not be considered. Candidates must make any special needs known to the Examination Body upon registration.

- The application should accompany the candidate's exam entry so that timeous provision can be made for the candidate. The Examination Bodies will hold the candidate's medical evidence on file, but the candidate must submit a written reminder before each subsequent exam for which the candidate registers.

Attendance

- Candidates are required to be at the venue 30 minutes before the commencement of the Examination session.
- No candidate may enter the examination venue later than 30 minutes after commencement of an examination session and no candidate may leave the examination venue less than 30 minutes after commencement of an examination session.
- Only candidates registered for the examination in question will be permitted to sit for the examination. No person may write an examination on behalf of another candidate.

Identification

South African citizens must provide a valid identity document and citizens of other countries must provide a valid passport.

Candidates are obliged to positively identify themselves when writing an examination by means of a valid identity document/ driver's license/ passport.

Photographic proof of identity must be presented before candidates will be admitted to examinations.

Proof of identity must be shown before candidates will be admitted to commence with the examinations.

Note: No certified copies will be accepted.

Results

The results will be made available via e-mail within 20 working days of completion the examination

Note: Once the examination has been written and the results made available, candidates will not be permitted to view the examination paper / answers, as per the FSB FAIS Circular 7/2011, dated 12 July 2011.

Results are first uploaded to the FSB and on confirmation of receipt of such results by the Financial Services Board (FSB) the Examination Body will release the result to the relevant candidate.

Enquiries

Tel: 021 - 888 9796 / 021 - 883 8000.

E-mail: faisexam@moonstoneinfo.co.za

Andrea Loetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, July 11, 2016 9:39 PM
To: Rialivhuwa Mudau
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315

Follow Up Flag: Follow up
Flag Status: Flagged

Dear Ms Mudau,
I trust you are well.
i was mean to have written the exams at the beginning of July, that is, last week. But could not do so given the relentless attack on our business by the media.
I was required to attend interviews with the media houses to clarify the allegations levelled against us. It was a quite a stressful situation and disturbing situation.
However, i have managed to secure a new date this month to write the exam for which the details are attached.

We would like to plead with yourselves to give us an opportunity to comply with the Fit and Proper requirements. The withdrawal of our licence will have dire consequences on our business and most importantly on our employees. We urge the FSB to give us until the end of July 2016 to meet the above requirements.

Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co.za]
Sent: 11 July 2016 05:13 PM
To: Daniel Mahlangu
Cc: Khosi Segole-Sibisi | FSB
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers as well as your subsequent response on 23 June 2016.

According to our records, you have not completed your RE Exams.

Kindly furnish the Registrar with reasons as to why we should not proceed with the withdrawal of your license.

Thanks

Kind regards

Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 23 June 2016 12:44 PM
To: Rialivhuwa Mudau
Subject: RE: Suspension - FSP 43315

Dear Ms Mudau,
Please find attached our response regarding the above matter for your attention.
Regards
Daniel

From: Rialivhuwa Mudau [mailto:Rialivhuwa.Mudau@FSB.co..za]
Sent: 12 May 2016 01:44 PM
To: daniel@bnpcapital.co.za
Subject: RE: Suspension - FSP 43315
Importance: High

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is a letter for your URGENT attention.

Thanks

Kind regards

Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

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Annexure "G"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Tuesday, July 19, 2016 10:03 AM
To: FAIS Exemptions
Subject: FAIS Exemption FSP 43315
Attachments: Tracy Sischy Attorneys; FSP 43315.pdf; Payment Notification.pdf; Certified Copy of ID Daniel Mahlangu.pdf

Dear Sir/Madam,

Please find attached application for FAIS exemption for your attention.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

B P

B P

& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

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COMMISSION OF INQUIRY INTO STATE CAPTURE

BnP

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Service Board
Riverwalk Office Park
Block B, 41 Matroosberg Road
Ashlea Gardens, Extension 6
Pretoria
0081

Dear Sir/ Madam,

Application for FAIS Exemption

BnP Capital Proprietary Limited ("BnP") with the FSB licence number **43315** seeks an extension for its Key Individual (Mr Pholisani Daniel Mahlangu I.D no. **7301155649085**) to comply with the section 8A of the FAIS Act on the grounds mentioned below.

1. BnP FSP licence is currently being suspended as a result of its KI failing to meet the Fit and Proper requirements as per the FAIS Act.

2. BnP's Key Individual has written the REs exams before but has not been successful due to personal reasons. BnP's KI has been in and out of court for the past two years with his ex-partner fighting for the custody of their children. The matter got settled this year as indicated by the attached correspondence.

3. The KI has reregistered to write the exams as indicated in the attached.

4. BnP understands that its Key Individual needs to comply with section 8A of the FAIS Act and has put the process in place towards complying with the latter. The extension been seek would give it a life line to survive as a company given the threats it currently faces as a result of its licence being suspended.

5. The suspension has threatened the work BnP is currently doing for one of the State Owned Enterprises. The fact that its licence has been suspended has created a lot media attention and has put the current work is doing at risk which may have a dire consequence given the capital requirements of the latter.

6. The suspension has gravely threatened its business and has potential of closing down the company given the perceived implication by its current and potential clients.

Director: D Mahlangu

CP5

7. The extension will assist BnP to survive as a company and mostly importantly to comply with its licence conditions.

Yours Sincerely

BnP Capital
Director

COMMISSION OF INQUIRY INTO STATE CAPTURE

NOTIFICATION OF PAYMENT

To Whom It May Concern:

First National Bank hereby confirms that the following payment instruction has been received

Date Actioned	: 2016/07/19
Time Actioned	: 04:37:09
Trace ID	: YW7LHY3C

Payer Details

Payment from	: *BNP CAPITAL (PTY) LTD
Cur/Amount	: ZAR1590.00

Payee Details

Recipient/Account no.	: 5000787
Name	: FSB MAIN ACCOUNT
Bank	: FNB
Branch Code	:
Reference	: FSP43315

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at www.fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

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FirstRand Bank Directors: LL Dippenaar (Chairman), JP Burger (CEO), VW Bartlett, AP Pullinger (Deputy CEO), MS Bomela, P Cooper (Alternate), JJ Durand, GG Gelink, PM Goss, NN Gwagwa, PK Harris, WR Jardine, HS Kellan, RM Loubser, EG Matenge-Sebesho, PJ Makosholo, AT Nzimande, D Premnarayen (India), BJ van der Ross, JH van Greuning, Company Secretary: C Low

First National Bank, a division of FirstRand Bank Limited. Reg.No.1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

Andrea Coetzer

From: Tracy Sischy Attorneys <tsischy@absamail.co.za>
Sent: Tuesday, May 17, 2016 3:11 PM
To: 'Daniel Mahlangu'
Subject: Tracy Sischy Attorneys
Attachments: Parental Responsibilities and Rights Agreement - Mahlangu.pdf

Dear Sir

Receive herewith parental responsibilities and rights agreement.

The original is ready for collection.

Yours faithfully
Tracy Sischy Attorneys
44 Olympic Road
Cnr Republic Road
lairgowrie
Randburg
Tel: 011 886 0242
Fax: 011 886 1391
Cell: 082 332 8072
E-mail: tsischy@absamail.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE TO PARENTAL RIGHTS AND RESPONSIBILITIES AGREEMENT

REF NO/ VERW NO: 12/16

In the matter between:
In die saak tussen:

THE DEPARTMENT OF JUSTICE
& CONSTITUTIONAL DEVELOPMENT.
OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3784 FAX: 011 337 8109

NGUMUYA AN — PLAINTIFF/APPLICANT
EISER/APPLIKANT

and/en

MAHLANGU PD — DEFENDANT/RESPONDENT
VERWEERDER/RESPONDENT

In the abovementioned case/application, the Parental Responsibilities and Rights Agreement has been considered and I am of the opinion:

In bogemelde saak/ aansoek is die Ouerlike Regte en Verpligtinge Ooreenkoms oorweeg en is ek van oordeel

✓	That it is in the best interest of the minor/dependant children Dat dit in die beste belang van die minderjarige/afhanklike kinders is
	That it is not in the best interest of the minor/dependant children Dat dit nie in die beste belang van die minderjarige afhanklike kinders is nie

COMMENTS/OPMERKINGS:

FAMILY ADVOCATE/GESINSADVOKAAT

COMMISSION OF INQUIRY INTO STATE CAPTURE

ORDER OF COURT
(Regulation 9)

[SECTION 34(2) OF THE CHILDREN'S ACT 38 OF 2005]

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT
OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
PBAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8199

Part A : Particulars of mother and father of the child who are holders of parental responsibilities and rights.

Mother (Holder 1)

Surname	**Ngumuya**
Full Names	**Alefa-Aretha Nqobizitha**
ID No/Date of Birth/Passport no.	8401090714082
Residential Address	40 Middle Street, East Town, Northcliff
Home telephone no.	n/a
Cell phone no.	072 602 8838
Email address	alefa.ngumuya@yahoo.com
Work Address	N/A
Work telephone no.	N/A
Relationship to child/children	Biological Mother

Father (Holder 2)

Surname	**Mahlangu**
Full Names	**Pholisani Daniel**
ID No/Date of Birth/Passport no.	7301155649085
Residential Address	Villa Riviera, 10 Coleraine Road,Bryanston
Home telephone no.	n/a
Cell phone no.	076 235 8504
Email address	daniel@bnpcapital.co.za
Work Address	BNP Capital, Tuscany Office Park, Coombe Place, Rivonia
Work telephone no.	011 234 0710
Relationship to child/children	Biological father

Part B : Details of children in respect of whom parenting plan applies

First Child

Surname	**Mahlangu**
Full names	**Buhle**
ID No/Date of birth/Passport no.	**17/07/2005**
Residential address	Villa Riviera, 10 Coleraine Road,Bryanston
Contact no.	Not applicable.

THE DEPARTMENT OF JUSTICE & CONSTITUTIONAL DEVELOPMENT.
OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
PBAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8199

AM PM

CDS

Full names	Ndabenhle
ID No/Date of birth/Passport no.	15/12/2009
Residential address	Villa Riviera, 10 Coleraine Road,Bryanston
Contact no.	Not applicable.

Part C : Details of application for registration of parenting plan or for parenting plan to be made order of court

TO : The Family Advocate, Johannesburg

Place : 13th Floor Schreiner Chambers, 94 Pritchard Street, Johannesburg

Date : 24th February 2015

We, **Alefa-Aretha Nqobizitha Ngumuya** and **Pholisani Daniel Mahlangu** hereby apply for registration of the attached parenting plan marked Annexure B at the Office of the Family Advocate and will apply to have this agreement is to be made an order of the High Court of South Africa, Gauteng Local Division, Johannesburg, if applicable.

Signed : **Alefa-Aretha Nqobizitha Ngumuya**
(Mother)

24 February 2016
Date

Signed : **Pholisani Daniel Mahlangu**
(Father)

09 March 2016
Date

Particulars of Family Advocate (where applicable)

THE DEPARTMENT OF JUSTICE
& CONSTITUTIONAL DEVELOPMENT,
OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8189

Name of Family Advocate
Signature of Family Advocate
Place
Date

THE DEPARTMENT OF JUSTICE
& CONSTITUTIONAL DEVELOPMENT,
OFFICE OF THE FAMILY ADVOCATE
2016 -03- 15
P/BAG X 14, JOHANNESBURG, 2000
TEL: 011 333 3724 FAX: 011 337 8189

COMMISSION OF INQUIRY INTO STATE CAPTURE

IN THE HIGH COURT OF SOUTH AFRICA

GAUTENG LOCAL DIVISION, JHB Case Number:

In the matter between:

PHOLISANI DANIEL MAHLANGU **1ST APPLICANT**

-AND-

ALEFA-ARETHA NQOBIZITHA NGUMUYA **2ND APPLICANT**

PARENTING PLAN BY CO-HOLDERS OF PARENTAL RIGHTS AND RESPONSIBILTIES IN TERMS OF SECTION 33(1) OF THE CHILDRENS ACT NO 38 OF 2005

---

1. **INTRODUCTION**

1.1 Whereas the 1st Applicant and the 2nd Applicant were involved in a long term relationship and from same two minor children were born namely namely Buhle Mahlangu on the 17th July 2005 and Ndabenhle Ngumuya on the 15th December 2009.

1.2 And whereas the parties are co-holders of parental rights and responsibilities in respect of these minor children and wish to enter into a parenting plan that states their rights and responsibilities in respect of the minor children.

1.3 And therefore for purposes of legality as required by the Children's Act 38 of 2005 the parties therefore wish to record this agreement in writing and which agreement will be registered with the Family Advocate offices and will further be made an order of court.

COMMISSION OF INQUIRY INTO STATE CAPTURE

THEREFORE the parties do hereby agree as follows:

2. DEFINITIONS

2.1 "Daniel or the 1st Applicant" shall mean Pholisani Daniel Mahlangu, identity number 7301155649085;

2.2 "Buhle" shall mean namely Buhle Mahlangu.

2.3 "Ndabenhle" shall mean namely Ndabenhle Ngumuya.

2.3 "Alefa or the 2nd Applicant" shall mean Alefa-Aretha Nqobizitha Ngumuya, Identity Number 8204120394085

2.4 "the Parties" – shall mean Daniel and Alefa, individually or collectively, as the context may require.

2.5 "The minor children"- shall mean Buhle and Ndabenhle, individually or collectively, as the context may require.

3. PARENTAL RIGHTS AND RESPONSIBILITIES

3.1 The 1st Applicant and 2nd Applicant shall remain co-holders of parental rights and responsibilities as provided for in section 18(2)(a) to (d) and 18(3)(c) of the Children's Act 38 of 2005 being that of care, contact,

guardianship and maintenance over the minor children born of their relationship namely:

Name	Date of Birth	Sex
Buhle Mahlangu	17th July 2005	Female
Ndabenhle Ngumuya	15th December 2009.	Male

3.2 Notwithstanding the aforegoing, it is recorded that the minor children's primary residence will be with Daniel.

3.3 In so far as same is possible, Daniel and Alefa agree to make joint decisions as regards education, religion, extra mural activities and medical treatment which would require both parties reasonable consent in respect of the minor children.

3.4 In the event of the parties being unable to agree on any matters relating to joint decisions insofar as the minor children is concerned or any disputes originating from this agreement they agree that they shall be obliged to first attempt to resolve such disputes via mediation for which mediation the parties will consult with a qualified psychologist with at least 3 years standing.

3.4.1 In the event that the parties cannot agree on which psychologist to

COMMISSION OF INQUIRY INTO STATE CAPTURE

appoint the parties will approach the Psychological Society of South Africa for an appointment whose decision shall be final and binding on the parties.

3.5 Neither party will remove the minor child from the province of Gauteng or the Republic of South Africa without the consent of the other party.

3.6 The parties confirm that they undertake to notify the other party if they change their address at least 30 days before such change.

4. **RIGHT'S OF CONTACT**

4.1 Alefa shall have full reasonable rights of contact to the minor children which includes but is not limited to;

4.1.1 Reasonable telephonic contact to the minor children. To ensure such contact Alefa will purchase a cellphone to be used by the children for the purposes thereof.

4.1.2 To have the minor children on every alternate weekend from after school on Friday until Monday when she will drop off the children at school.

4.1.3 That the parties will alternate having the minor children on the children's birthdays each year with the proviso that the party that does

COMMISSION OF INQUIRY INTO STATE CAPTURE

not have the minor children on their birthday that year will have reasonable telephonic contact to the minor children during that day.

4.1.4 To have the minor children on Mothersday and on her birthday and similarly Daniel will have the minor children on Fathersday and his birthday. The party that does not have the minor children on their birthday/Fathersday or Mothersday will have reasonable telephonic contact to the minor children during that day.

4.1.5 To have the minor children for half of the long holidays with the following provisos;.

4.1.5.1 That the June/July holidays will be split equally between the parties.

4.1.5.2 That the December/January long holidays be split equally between the parties so that each year the parties will have the minor children either from the 3rd December to 24th December or from the +-24th December to 13th January. The parties will alternate each year in having the children during these periods.

4.2 Alefa's contact to the minor children as aforesaid shall be subject to the minor child's educational, religious, social and sporting activities.

COMMISSION OF INQUIRY INTO STATE CAPTURE

CAS

4.3 The parties confirm that the issues of care, contact, guardianship and maintenance have been discussed with the minor children taking into consideration 6(5) of the Children's Act no 38 of 2005.

4.4 Should for whatsoever reason the minor children reside primarily with Alefa then Daniel will have full reasonable contact to the children which includes but is not limited to;

(i) Reasonable telephonic contact to the minor children.

(II) To have the minor children on every alternate weekend from after school on Friday until Monday when he will drop the minor children off at school.

(iii) That the parties will alternate having the minor children on the children's birthdays each year with the proviso that the party that does not have the minor children on their birthday that year will have reasonable telephonic contact to the minor children during that day.

(iv) To have the minor children on Fathersday and on his birthday and similarly the 2nd Applicant will have the minor children on Mothersday and her birthday. The party that does not have the minor children on their birthday/Fathersday or Mothersday will

COMMISSION OF INQUIRY INTO STATE CAPTURE

have reasonable telephonic contact to the minor children during that day.

(v) To have the minor children for half of the long holidays with the following provisos;.That the June/July holidays will be split equally between the parties and that the December/January long holidays be split equally between the parties so that each year the parties will have the minor children either from the 3rd December to 24th December or from the +-24th December to 13th January. The parties will alternate each year in having the children during these periods.

5. MAINTENANCE FOR THE MINOR CHILDREN

5.1 The parties wish to record that on the 28th January 2015 the Randburg Maintenance Court made an order that Daniel must pay the following maintenance in respect of the minor children;

- The school fees for Reddam for 2015 and thereafter in 2016 the 1st Applicant will pay for model C school fees.
- To purchase clothes for the minor children every 2nd quarter.
- To pay for Kumon for the minor children.
- To pay for their medical aid.

5.2 As the minor children now reside primarily with Daniel, Alefa agrees that she will make payment to Daniel for the minor children in the sum

COMMISSION OF INQUIRY INTO STATE CAPTURE

of R3000,00 per month with the first payment due by or before the 31th January 2016 and by or before the end of every month thereafter and also pay for the following:

- To purchase clothes for the minor children every 2nd quarter.
- To purchase school uniforms for the minor children
- To purchase text books and book exercise

6. MUTUAL RESPECT OF PARTIES AND PARENTAL COMMUNICATION

6.1 The parties undertake at all times to act in a manner which demonstrates mutual respect for the other party in their dealings and interactions in respect of the minor children. As such the parties agree;

6.1.1 That all communication between the parties shall be conducted in a civil and businesslike manner with courtesy shown in all and any communication.

6.1.2 That the preferred method of communication between the parties will be by via the telephone. As such they shall be entitled to telephone the other in the event that any more involved aspect of the children's lives should be discussed.

COMMISSION OF INQUIRY INTO STATE CAPTURE

6.1.9 That all communication in regards to the child shall be between them directly and that they will not use the child as a messenger to convey information between them.

7. FULL AND FINAL SETTLEMENT

This agreement constitutes the whole agreement and save for any agreement that the parties may enter into in writing and sign, this agreement supersedes all prior agreements and/or arrangements entered into between the parties, save for the terms and conditions contained in this agreement, neither party shall have any claim against the other arising contractually, by statute or otherwise and for any reason whatsoever and this agreement is in full and final settlement of all the claims against and obligations owed by the parties to each other.

8. NON-WAIVER

No latitude, extension of time or other indulgence given or allowed by either party in respect of any payments provided for in terms of this settlement or the performance of any other obligations in terms hereof, shall under any circumstances operate as a waiver or novation of, or otherwise affect any of either party's rights in terms hereof or arising herefrom or preclude either party from enforcing at any time and without notice, strict and punctual compliance with each and every

COMMISSION OF INQUIRY INTO STATE CAPTURE

provision or term hereof nor shall any such latitude, extension of time or other indulgence, discharge or otherwise affect the liability of either party in terms hereof.

9. LODGEMENT OF AGREEMENT AND ORDER OF COURT

9.1 The parties agree that this agreement will be lodged and or registered with the Family Advocate offices,

9.2 The parties further agree that this agreement will be made an order of the High Court.

DATED at Randburg **on this** 9th **day of** March **2016**

AS WITNESSES:

1. _____

2. _____

_____

DANIEL

DATED at Randburg **on this** 26th **day of** February **2016**

AS WITNESSES:

1. _____

2. _____

_____

ALEFA

COMMISSION OF INQUIRY INTO STATE CAPTURE

TRACY SISCHY
ATTORNEYS
PROKUREURS

44 Olympic Road
Blairgowrie
Randburg
2194
Docex 121, Randburg
Tel: (011) 886 0242
Fax: (011) 886 1391
Cell: (082) 332 8072

Family Advocate JHB

By hand

Our Ref: Mahlangu
Your Ref:

Date: 15/03/16

Dear Sirs

Registration of parenting plan:

Pholisani Mahlangu and Alefa-Aretha Ngumuya

1. Receive herewith original form 8 and parenting plan.

2. Kindly attend to complete form 8

3. Registration number of Parenting plan as provided by Family Advocate 12/16

Yours faithfully,
Marc Sischy

COMMISSION OF INQUIRY INTO STATE CAPTURE

SOUTH AFRICA

1973-01-

2004-02-

COMMISSION OF INQUIRY INTO STATE CAPTURE

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ground Floor Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 347 0221 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

Enquiries:	(MR) THABEGO MANGANYE	D. Dialling No.:	(012) 428 8000 or 428 8151
Our ref:	639854	Fax:	(012) 422 2973
Date:	22/07/2016	E-Mail:	FAIS.Exemptions@fsb.co.za

Per E-mail: daniel@bnpcapital.co.za

Dear Sir/Madam

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 ("THE FAIS ACT")
FSP : 43315 BNP CAPITAL (PTY) LTD
ID : 7301155649085 PHOLISANI MAHLANGU

We hereby acknowledge receipt of your application for exemption.

Your case number for the exemption application is 639854.

Kindly note that we will revert to you as soon as practicable, depending on the volume of exemption applications received.

Yours sincerely

Thabego.Manganye

pp REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

Marianne Van Rooyen

From: Marianne Van Rooyen
Sent: 11 August 2016 05:52 PM
To: 'daniel@bnpcapital.co.za'
Subject: RE: URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Attachments: SKM_C754e16081117560.pdf

Importance: High

Dear Sir

Please find attached correspondence pertaining to the above application, for your attention.

Regards,

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181
South Africa. P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Marianne Van Rooyen
Sent: 29 July 2016 03:24 PM
To: 'daniel@bnpcapital.co.za'
Subject: URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Importance: High

Dear Sir

Please find attached correspondence pertaining to the above matter for your urgent attention and response.

Regards,

Marianne van Rooyen

From: Marianne Van Rooyen
Sent: 11 August 2016 05:53 PM
To: Noma Afrika Sandlana; Nolwazi Mshunqane; Charene Nortier; Thiropathy Moodliyar; James Molefe; Khosi Segole-Sibisi | FSB; Tshepo Mogale; Nomsa Banda | FSB, Michele Fourie; Rialivhuwa Mudau; Reginald Sebolai
Cc: Brenda Neale; Loraine van Deventer
Subject: EXEMPTION DECLINED FSP NUMBER 43315: CASE NUMBER 639854
Attachments: SKM_C754e16081117560.pdf

Importance: High

Dear All

For your information and action.

Regards

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
www.fsb.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

CD5

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 4
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443(0800 202087 website:www.fsb.co.za

ENQUIRIES:	M van Rooyen	D. DIALLING NO.:	012 428 8001
OUR REF:	Exemption (FSP43315) Case No 639854	FAX:	012 422 2973
DATE:	11 August 2016	E-MAIL:	marianne.vanrooyen@fsb.co.za

Mr DP Mahlangu

Per electronic mail: Daniel@bnpcapital.co.za

Dear Mr Mahlangu

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

1. The application for exemption received on 19 July 2016 refers, as well as the letter from the Registrar of Financial Services Providers ("the Registrar") dated 29 July 2016, to which no response was received.

Consideration of exemption

2. One of the objectives of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), is to professionalise the financial services industry and to protect consumers. To achieve that objective, it was necessary to require of financial services providers and representatives to have certain experience and academic qualifications.

3. However, it became apparent that despite the above requirements, the required level of knowledge, awareness and understanding of the requirements of and the responsibilities imposed by the Act on providers was lacking. This led to providers failing to comply with the provisions of the Act when rendering financial services to clients.

4. As a result of the above, the first level regulatory examination was implemented, after extensive consultation with industry, to ensure that providers have a proper understanding of their specific regulatory roles and the requirements of the Act.

5. The examination has been put in place to ensure that providers are competent when rendering financial services to clients in order to ultimately create a safer environment for the consumer of financial services.

6. In considering an exemption application the Registrar must consider the interests of the public. The potential harm to consumers of financial services is self-evident if they conduct financial services business with a person who does not know and/or understand the obligations and responsibilities imposed on such person by the Act.

Conclusion

7. The regulatory framework of the Act provides for certain fundamental requirements of which the competence requirement is one. These requirements underlie and permeate every aspect of the regulatory structure to ensure the achievement of the objects of the Act.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

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[illegible] agenda aimed at strengthening financial stability. These commitments, *inter alia*, entail a stronger regulatory framework and effective supervision. It further indicated that, in general, no provider of financial services should be allowed to operate outside the regulatory framework.

9. Persons that have been approved by this Office are required to comply with the law applicable to them, as well as to certain prescribed rules or conditions. These legal requirements have been pronounced in the public interest and their objective is to ensure that regulated entities conduct their business properly in order to protect clients.

10. In order to grant an exemption the Registrar must be satisfied that the requirements in section 44(4) read with section 44(1) (a) to (c) of the Act are met.

11. The Registrar has given due consideration to your application for exemption and is not satisfied that reasonable grounds exist to warrant an exemption from the examination requirements. In light of the above, and the reasons as set out in the Registrar's letter dated 29 July 2016, the application for exemption is declined.

12. Kindly take note that the financial products, sub-category Long-term Insurance Category A and Friendly Society Benefits, do not require that you complete the regulatory examination. Please note that further exemptions may be applicable to you in terms of Board Notice 102 of 2012, as published in the Government Gazette on 6 June 2012, No. 35422. For further assistance you can contact Mpho.mabuza@fsb.co.za and/or Mahlatse.kekana@fsb.co.

Yours sincerely

CD Da Silva
Deputy Registrar: Financial Services Providers

COMMISSION OF INQUIRY INTO STATE CAPTURE

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CONFIDENTIAL

FOR INTERNAL USE ONLY

OFFICE NOTE

CASE NUMBER:	639854
FSP NUMBER:	43315
APPLICANT NAME:	PD MAHLANGU
DATE:	1 AUGUST 2016
AUTHOR OF NOTE:	M VAN ROOYEN
NOTE:	TT MR MAHLANGU Attempted the office number, but the call would not go through. Then used the cell number of the applicant - 0762358504 1st call - No answer – left message: I sent him an email Friday afternoon. Wanted to follow up if he received it. Please call me if email not received. 2nd call to applicant @ 076 235 8504 Call answered and then dropped Tried to call back (3rd attempt) – gave busy tone 4th call to applicant @ 076 235 8504 Call made at 16:45. Call was answered by the applicant himself. I explained who I was and that I sent an email with an attached letter on 29 July 2016. The applicant confirmed that he had received my email.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From: Marianne Van Rooyen
Sent: 29 July 2016 03:24 PM
To: 'daniel@bnpcapital.co.za'
Subject: URGENT : APPLICATION FOR EXEMPTION IN TERMS OF SECTION 44(4) OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002
Attachments: SKM_C754e16072915280.pdf

Importance: High

Dear Sir

Please find attached correspondence pertaining to the above matter for your urgent attention and response.

Regards,

Marianne van Rooyen
FAIS : Senior Legal Advisor
Financial Services Board
E-mail: marianne.vanrooyen@fsb.co.za
Tel: (012) 428 8001
Fax: (012) 422 2973
www.fsb.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

405

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 1
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443 (0800 CONTACT) website:www.fsb.co.za

ENQUIRIES:	M van Rooyen	D DIALLING NO.	012 428 8001
OUR REF:	Exemption (FSP43315) Case No 639854	FAX	012 422 2973
DATE:	29 July 2016	E-MAIL	marianne.vanrooyen@fsb.co.za

Mr DP Mahlangu

Per electronic mail: Daniel@bnpcapital.co.za

Dear Mr Mahlangu

APPLICATION FOR EXEMPTION IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

1. The application for exemption received on 19 July 2016 refers.

Background

2. Mr DP Mahlangu ("the applicant") has requested exemption from having to comply with the first level regulatory examination ("examination") requirements as prescribed in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 ("Fit and Proper Requirements'), specifically the following examinations-

   2.1 RE1 examination, being the examination applicable to key individuals as contemplated in section 1 in Annexure 1 to the Determination of Qualifying Criteria and Qualifications for Financial Services Providers, No. 1 of 2008 ("Determination of Qualifying Criteria"); and
   2.2 RE3 examination, being the examination applicable to key individuals as contemplated in section 2 in Annexure 1 to the Determination of Qualifying Criteria.

3. To accommodate persons who needed to comply with the examination requirements, the Registrar extended the deadline by which the examination had to be completed to 30 June 2012. The Registrar further granted persons who have written the relevant examination at least once by 30 June 2012, but who were unsuccessful in their attempt, an additional 3 months until 30 September 2012 to re-write and pass the examination. The 30 September 2012 deadline was later finally extended to 31 March 2013.

Consideration of exemption

4. Section 44(4) of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), provides that the Registrar may exempt any person, on reasonable grounds, from any provision of the Act provided the Registrar is satisfied that-

   4.1 the rendering of financial services by that person is already partially or wholly regulated by another law; or
   4.2 the application of a provision of the Act will cause that person or clients of that person financial or other hardship or prejudice; and
   4.3 the granting of the exemption will not conflict with the public interest, prejudice the interests of clients and frustrate the achievement of the objects of the Act.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

SABS ISO 9001

5. The power of the Registrar to grant exemption under section 44 is found in section 44(4) which provides that the Registrar may only exempt a person if reasonable grounds exist to do so and only if the Registrar is satisfied that the factors referred to in paragraph 4 above are met. Therefore, in exercising the Registrar's discretion it is necessary to have regard to the qualifying factors set out in section 44.

6. It is noted that the application is based, *inter alia*, on the following factors:

   6.1 The applicant has attempted to complete the examinations before, but has been unsuccessful due to personal circumstances, i.e. a custody dispute in respect of his children that has been on-going for the past 2 (two) years;
   6.2 The applicant has now again registered to complete the examination;
   6.3 The licence of BnP Capital (Pty) Ltd ("the FSP") is currently suspended as a result of the applicant, being the FSP's key individual, not complying with the examination requirements;
   6.4 The FSP has put processes in place in order to comply with the provisions of the Act;
   6.5 The suspension of the FSP's licence-
      (a) is threatening the work that the FSP is currently doing for a State Owned Enterprise;
      (b) is leading to the FSP receiving media attention which, coupled with (a) above, may have consequences with regard to the FSP's capital requirements;
      (c) has threatened the business of the FSP and created the possibility of the FSP having to close its doors; and
   6.6 Should the application for exemption be granted, it would assist the FSP to continue to do business and to comply with the conditions on its licence.

7 It is implied in the basis of the request for exemption that compliance with the examination requirements may cause the applicant or the FSP financial or other hardship. It is widely recognised and accepted that regulation has and always will have a negative financial impact on and/or may create other burdens for regulated persons. This must have been within the contemplation of the lawgiver when it decided to introduce the competency requirements.

8. Therefore, the question, *inter alia*, is not whether it creates hardship but rather what reasonable grounds exist in relation to that hardship to support an application for exemption, for example whether the hardship the applicant or the FSP experiences is excessive in relation to other persons that must comply with the same requirements and having cognisance of the purpose of the requirement and the objectives of the Act. In the absence of such information, the Registrar is of the view that merely claiming that compliance with the requirement creates hardship does not constitute reasonable grounds as contemplated in section 44(4) of the Act.

9. In addition, the applicant's position does not really differ from that of any other person that is in a similar position and who has to comply with the examination requirements.

10. The Registrar has noted, *inter alia*, that:

   10.1 the applicant made the following attempts to complete the examinations:
      (a) the first two attempts to complete the RE1 examination was during June 2012 and August 2012 respectively;
      (b) the first attempt to complete the RE3 examination was during March 2013;
      (c) two further attempts were made to complete the RE1 examination, during July 2013 and August 2013 respectively; and
      (d) one further attempt was made to complete the RE3 examination, during September 2013.
   10.2 the above attempts of the applicant to complete the examinations were the only attempts made by the applicant. The last attempt to complete the RE1 examination was therefore during August 2013, and the RE3 examination during September 2013;
   10.3 the applicant registered to complete the examinations no less than 16 (sixteen) times, but was absent from the examinations each time; and

10. the custody dispute referred to in the application for exemption was apparently ongoing for the last two years. This does not explain why the applicant did not attempt to complete the examination prior to such custody dispute ensuing.

11. The Registrar has noted, with concern, that this is not the applicant's first application for exemption:

    11.1 On or about 19 May 2015, the FSP was notified of the Registrar's intention to suspend the FSP's licence for several reasons, *inter alia*, because the applicant has not complied with the examination requirements;
    11.2 The applicant responded by attaching proof of registration to complete the examinations on 19 June 2015 and 10 July 2015 respectively. On this basis, the applicant applied for exemption;
    11.3 Such application was granted and came into operation on 20 August 2015. Although the applicant had initially requested exemption until 31 August 2015, exemption was granted until 30 November 2015.
    11.4 After the application was made, and before receiving feedback thereon, the applicant made **no** attempts to complete the examination; and
    11.5 After the application was granted, and the applicant duly notified, **no** attempts were made by the applicant to complete the examination.

12. As a result of the applicant's failure to comply with the conditions of the exemption, i.e. to complete the examinations by 30 November 2015, the applicant was-

    12.1 on 1 December 2015, sent an e-mail from this Office, requesting proof by close of business of that day that he had successfully completed the examinations. No response was received;
    12.2 on 9 December 2015, contacted by this Office telephonically to discuss the applicant's failure to comply with the conditions of the exemption;
    12.3 on 18 December 2015, sent another e-mail requesting feedback from the applicant within 5 (five) days. No response was received; and
    12.4 on 13 January 2016, informed that the matter would be referred for regulatory action.

13. The applicant responded to the last-mentioned e-mail on 13 January 2016, merely indicating that he had only returned to the office on that day, and further indicating that he should have written the examinations "sometime in December", but that the date was moved to the 18th of January 2016. Our records indicate that the applicant never registered to complete the RE1 or RE3 examinations during December 2015. He did, however, register to complete the examinations on 18 January 2016 and 1 March 2016 respectively, but was absent on both occasions.

14. The matter was subsequently referred for regulatory action by this Office:

    14.1 On 23 March 2016, the FSP was notified of the Registrar's intention to suspend the FSP's authorisation as a result of the applicant not complying with the examination requirements. No response was received;
    14.2 On 12 May 2016, the FSP was notified of the suspension of the FSP's authorization; and
    14.3 The applicant only responded to the notice of suspension on 23 June 2016 in which letter he appealed to the Registrar not to proceed with the withdrawal of the FSP's licence as, *inter alia*, the applicant would complete the examination at the beginning of July 2016.

15. Our records indicate that the applicant registered to complete the RE1 examination on 7 July 2016 but was, again, absent.

16. On 11 July 2016, another e-mail was sent to the applicant requesting reasons why the licence of the FSP should not be withdrawn in circumstances where the applicant still did not comply with the examination requirements. Only in response to this email, and not of his own accord, did the

applicant explained that he could not write the examination at the beginning of July 2016 as a result of the attack on the FSP by the media which he was required to deal with. He further provided proof of registration for the writing of the RE1 examination on 26 July 2016. To date, no proof has been received by this office that the applicant has passed the RE1 examination.

17. On or about 19 July 2016, the applicant submitted the current application for exemption from the examination requirements, more than 7 (seven) months after the previous exemption lapsed.

Conclusion

18. It is unclear how the applicant's custody dispute could prohibit the applicant from attempting to complete the examination even once during a period of 2 (two) years, in circumstances where he was still in a position to attend to his daily duties as the key individual of the FSP.

19. The applicant has had ample time and has been given many opportunities to comply with the examination requirements.

20. Nearly 3 (three) years have gone by since the applicant's last attempt to complete the examinations, during which time the application has not once attempted to complete the same. This is so despite several correspondences from this Office emphasising the importance of his compliance with this requirement.

21. In addition, the applicant only communicated in response to this Office correspondence, never of his own accord.

22. Despite the general exemption given by the Registrar to accommodate persons, as referred to in paragraph 3 above, as well as the specific exemption granted to the applicant upon his request, the applicant took no significant steps to comply with the examination requirements.

23. The applicant's conduct shows nothing less than a complete disregard for the peremptory requirements of the Act.

24. In considering an exemption application the Registrar must consider the interests of the public. The potential harm to consumers of financial services is self-evident if they conduct financial services business with a person who does not know and/or understand the obligations and responsibilities imposed on such person by the Act.

25. In view of the above, the Registrar is not satisfied that reasonable grounds exist to warrant an exemption from the examination requirements.

26. The Registrar hereby affords the applicant an opportunity to respond to this letter and to provide reasons why the exemption application should not be declined. Such reasons are to be furnished by no later than 5 August 2016.

Yours sincerely

Marianne van Rooyen
On behalf of CD Da Silva
Deputy Registrar: Financial Services Providers

COMMISSION OF INQUIRY INTO STATE CAPTURE

FINANCIAL SERVICES BOARD

REGULATORY EXAMINATION RECORD

ID : 7301155649085
NAME : Pholisani Daniel Mahlangu
DATE ISSUED: 25/07/2016

NAME OF EXAMINATION	DATE	PERCENTAGE	POINTS	
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	14/06/2012	0.00	0	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	27/06/2012	56.25	45	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	14/08/2012	58.75	47	Unsuccessful
First Level Regulatory Examination: FSPs and Representatives in all Categories of FSPs (RE_5)	17/08/2012	76.00	38	Passed
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	28/03/2013	53.33	16	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	29/05/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	31/05/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	23/07/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	25/07/2013	61.25	49	Unsuccessful
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	30/08/2013	57.50	46	Unsuccessful
First Level Regulatory Examination: FSPs and Key	05/09/2013	46.67	14	Unsuccessful

COMMISSION FOR CONCILIATION MEDIATION AND ARBITRATION

Individuals in Categories II and IIA (RE_3)				
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	06/11/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	15/11/2013	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	20/02/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	27/02/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	30/10/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	19/11/2014	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	24/03/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	28/08/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	28/09/2015	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	18/01/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in Categories II and IIA (RE_3)	01/03/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	20/06/2016	0.00	0	Absent
First Level Regulatory Examination: FSPs and Key Individuals in all Categories of FSPs (RE_1)	07/07/2016	0.00	0	Absent

Please note:

The regulatory exam record is strictly intended for internal use by the FAIS legal advisor(s) only, and may not be distributed to external parties.

CASS-1006

FINANCIAL SERVICES BOARD

DATE OF FIRST APPOINTMENT / APPROVAL (DOFA) RECORD

ID : 7301155649085
NAME : MR PHOLISANI MAHLANGU
DATE ISSUED: 25/07/2016
KI DATE OF FIRST APPROVAL: 08/11/2011
REP DATE OF FIRST APPOINTMENT: 03/08/2011

NAME OF FSP	ROLE	CATEGORY	SUB-CATEGORY	ADVICE	INTERMEDIARY SERVICES
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	8	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	9	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	10	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	11	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	12	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	13	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	17	08/11/2011	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	1	18	08/11/2011	08/11/2011

CASS-1007

(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	5	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	6	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	7	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	8	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	9	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	10	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	13	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Key Individual	2	14	00/00/0000	08/11/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	8	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	9	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	10	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	11	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	12	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	13	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	17	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	1	18	03/08/2011	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	5	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	6	00/00/0000	03/08/2011

CASS-1008

(43315) BNP CAPITAL (PTY) LTD	Representative	2	7	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	8	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	9	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	10	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	13	00/00/0000	03/08/2011
(43315) BNP CAPITAL (PTY) LTD	Representative	2	14	00/00/0000	03/08/2011

Please note:

1. The information reflected above is correct as at the date issued and the information is based upon information maintained by the Financial Services Providers in compliance with Section13(3) of the FAIS Act.
2. The above information is confidential in nature. and should only be used by the recipient for its intended purpose i e. the purpose for which consent was obtained
3. Any queries relating to the information reflected above should be submitted to Fais.Dofa@fsb.co.za

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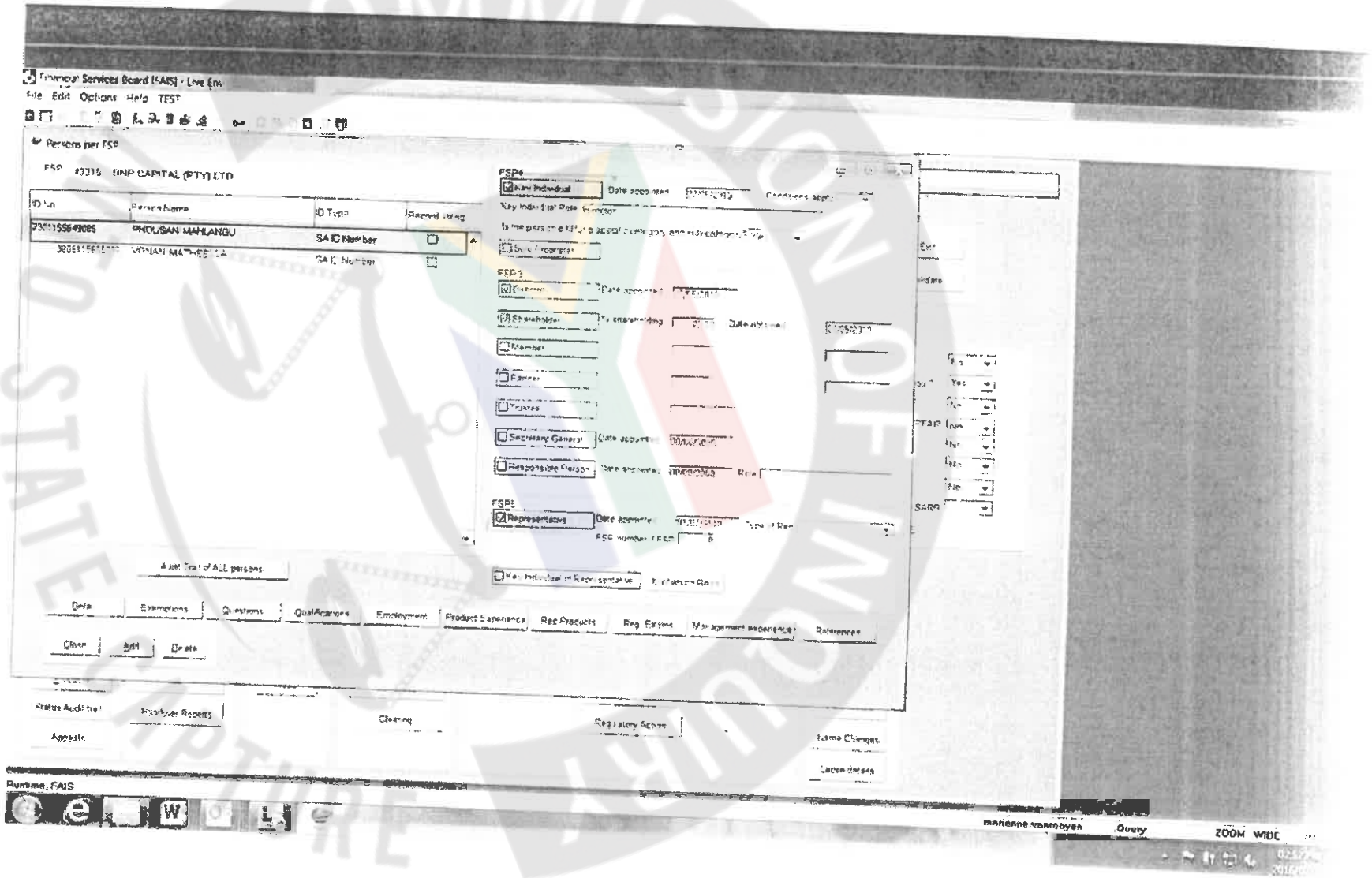
CASS-1009


Financial Services Board [FAIS] - Live Env
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Persons per FSP
FSP 43215 BNP CAPITAL (PTY) LTD
ID No
Person Name
ID Type
Approval status
7301155649085
PHOLISANI MAHLANGU
SA ID Number
FSP4
Key Individual
FSP3
Director
Shareholder
Member
Partner
Trustee
Secretary General
Responsible Person
FSP5
Representative
Add Test of ALL persons
Data
Exemptions
Questions
Qualifications
Employment
Product Experience
Reg Products
Reg Exams
Management experience
References
Clear
Add
Delete
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Appeals
Clearing
Regulatory Actions
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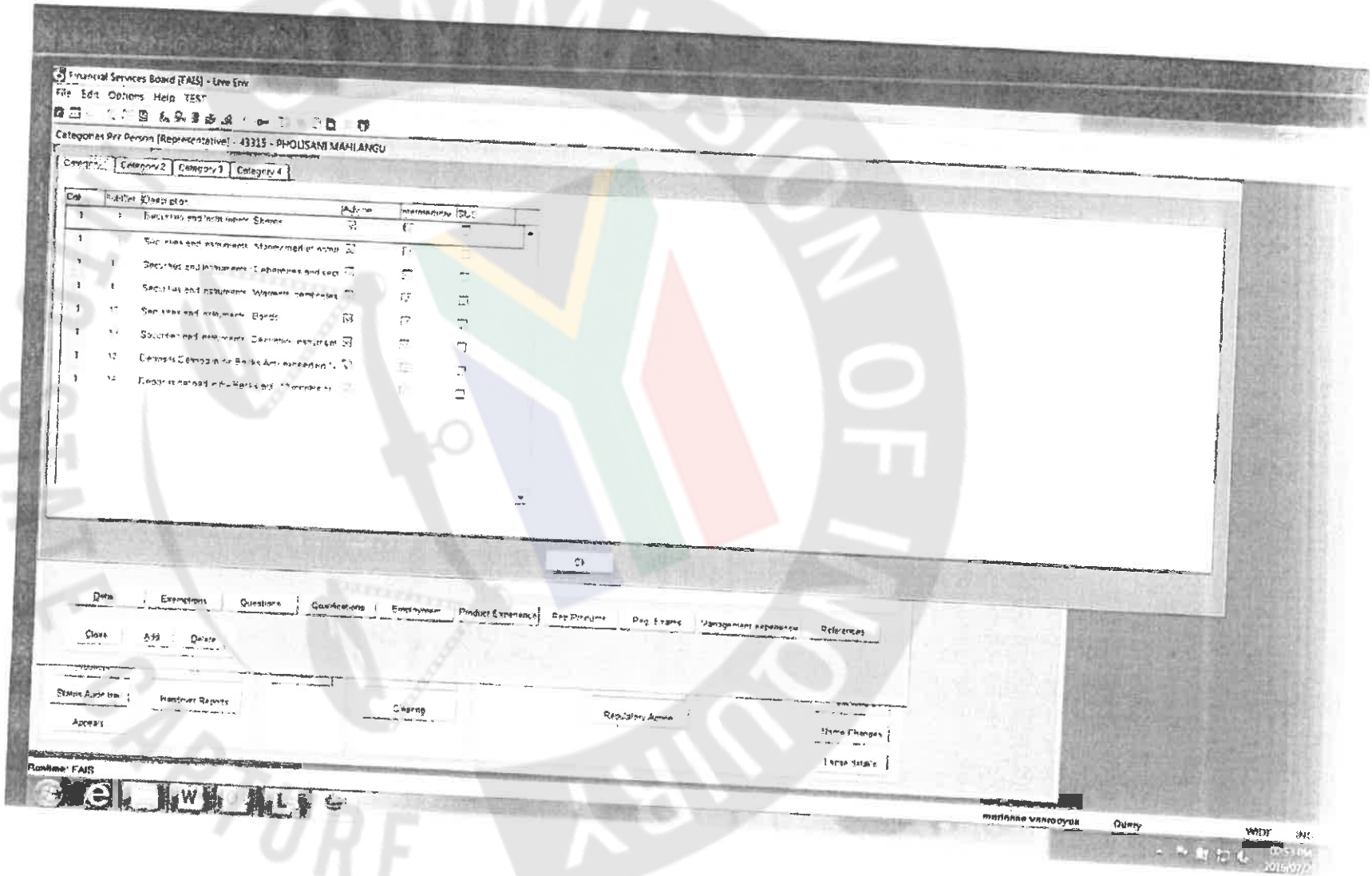
Runtime: FAIS
Query
ZOOM WIDE

CASS-1010


Financial Services Board (FAIS) - Live Env
File Edit Options Help TEST
Categories Per Person (Representative) - 43315 - PHOLISANI MAHLANGU
Category 2
Category 3
Category 4
Data
Exemptions
Questions
Qualifications
Employment
Product Experience
Key Persons
Reg. Exams
Management experience
References
Close
Add
Delete
Renewal Reports
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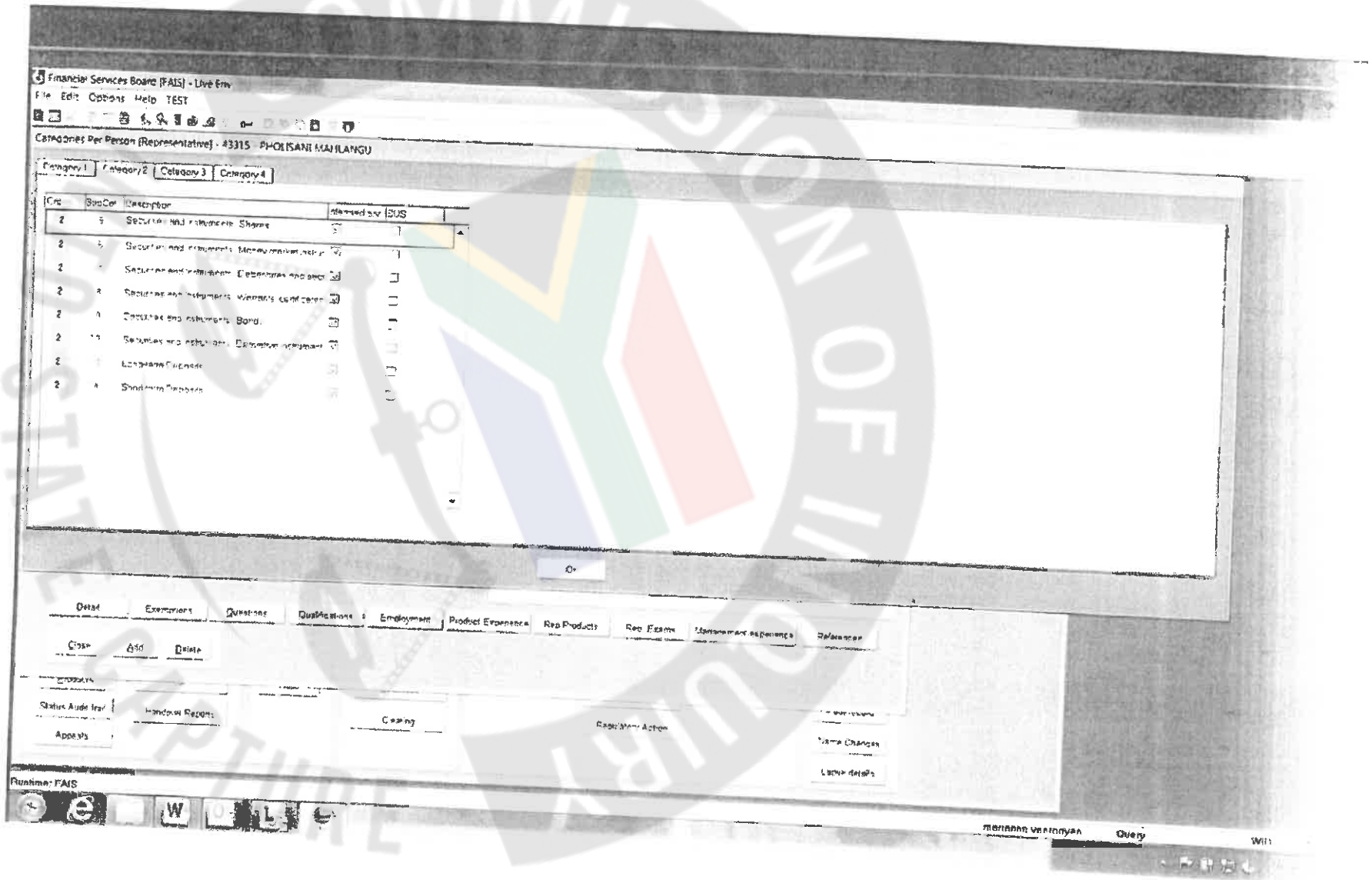
Runtime: FAIS
Query

CASS-1011


Financial Services Board (FAIS) - Live Env
File Edit Options Help TEST
Categories Per Person (Representative) - 43315 PHOLISANI MAHLANGU
Category 1
Category 2
Category 3
Category 4
Cat
SubCat
Description
Detail
Examinations
Qualifications
Employment
Product Experience
Rep Products
Rep Exams
Close
Add
Delete
Runtime: FAIS
Query

CASS-1012

FINANCIAL SERVICES BOARD

LICENCE No. 43315

FINANCIAL SERVICES PROVIDER
Financial Advisory and Intermediary Services Act, 2002

It is hereby certified that with effect from 8 November 2011

BNP CAPITAL (PTY) LTD

IS LICENSED AS A FINANCIAL SERVICES PROVIDER IN TERMS OF SECTION 8 OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002 (ACT NO. 37 OF 2002)
subject to the conditions and restrictions set out in the Annexure

.....

REGISTRAR OF FINANCIAL SERVICES PROVIDERS

This document to be displayed in terms of section 8(8)(a) of the Act. The Annexure to be available for the information of clients.

COMMISSION OF INQUIRY INTO STATE CAPTURE

ANNEXURE

FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

CONDITIONS AND RESTRICTIONS

individual, of the provider, in addition to acting also in such cases in accordance with the procedure and time limit set out in Condition 1, also ensure full compliance with section 8(4)(b) of the Act, the provisions of which must be regarded as included in this Condition.

3 The financial services provider must within one month of the date contemplated in section 7 of the Act, submit a copy of the register kept in terms of section 13(3) of the Act to the Registrar, and must thereafter in accordance with the procedure and time limit set out in Condition 1, inform the Registrar of any change effected to the details as contained in that register.

4 The financial services provider must not in any manner change the name of the financial services business as reflected on the licence concerned, or carry on any financial services business under such a changed name, unless- (a) the provider has fully complied with the provisions of any other law than the Act which regulates such change of business name (if any); (b) the provider has fully disclosed to the Registrar the details of such compliance with such other law; (c) the Registrar is satisfied that such change of name is otherwise lawful and has approved such change of name; and (d) the Registrar has issued to the provider an appropriately amended licence under the provisions of section 8(5)(b)(i) of the Act.

5 The financial services provider must at all times ensure that any financial product in respect of which the provider intends to render a financial service, qualifies as a financial product contemplated in the Act and is or will be lawfully issued by the relevant product supplier by virtue of an authority, approval or right granted to such supplier under a law as contemplated in the definition of 'product supplier' in section 1(1) of the Act.

3. Applicable exemptions (if any):

Exemption of financial services providers as regards to representatives (Board Notice 95 of 2003)
Exemption of licensees as regards display certified copies of licences (Board Notice 40 of 20040

COMMISSION OF INQUIRY INTO STATE CAPTURE

[illegible]

From: Khosi Segole Sibisi | FSB
Sent: 05 June 2015 05:07 PM
To: Shiame Lehong
Cc: Dineo Motswakae; Mahlomola Mataboge
Subject: FW: Suspension FSP 43315 Case 563138

Please close the KA case and FSP must be removed from the batch

Regards

Ms Khosi Segole-Sibisi
Manager
Fais Compliance Department
Financial Services Board
E-mail: Molobane.Segole-Sibisi@fsb.co.za
Tel: (012) 367 7168
Fax: (012) 422 2973
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'
Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Mbali Mdlalose
Sent: 05 June 2015 04:02 PM
To: Dineo Motswakae; Mahlomola Mataboge
Cc: Khosi Segole-Sibisi | FSB; Tshepo Mogale
Subject: Suspension FSP 43315 Case 563138

Good day ,

Please note that the returns that were received in respect of this suspended FSP have been allocated to your basket for analysis and for the suspension lifting memo to be prepared .

Regards ,

COMMISSION OF INQUIRY INTO STATE CAPTURE

55

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 20 3722 website:www.fsb.co.za

ENQUIRIES:	FAIS Compliance	**D. DIALLING NO.:**	(012) 367 7290 / 7218
OUR REF:	43315	**FAX:**	(012) 422 2973
DATE:	19/05/2015	**E-MAIL:**	Fais.Compliance@fsb.co.za

PRIVATE AND CONFIDENTIAL

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF INTENTION TO SUSPEND AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER : 43315) ("THE LICENSEE")

1 The licensee is hereby notified of the intention of the Registrar of Financial Services Providers (Registrar) to suspend its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

2. The grounds of the intended suspension are as follows:

- The licensee and/or key individual/s of the licensee does not meet or no longer meets the fit and proper requirements applicable to the licensee or key individual
- The licensee has failed to comply with the provisions of the Act

3 The reasons that inform the grounds for the Registrar's intention to suspend the licensee's authorisation are set out below.

Board Members AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Basso JV Magadime Prof PJ Sutherland FE Groepe D Turpin
HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer DP Tshidi
SABS ISO 9001

COMMISSION OF INQUIRY INTO STATE CAPTURE

granted, all FSPs (who are sole proprietors) and key individuals authorised and approved during the period 30 September 2004 to 31 December 2009 must have successfully completed the relevant first level of regulatory examinations, applicable to the Categories or subcategories for which they are authorised or approved.

- The Registrar's records reflect that the key individual(s) listed in the Table below has failed to successfully complete the relevant first level regulatory examination(s) in contravention of section 10 of the Determination of Fit and Proper Requirements

ID	Name
7301155649085	MR PHOLISANI MAHLANGU

- The licensee and/or the key individual of the licensee does not meet or no longer meets the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

4. Intended period of suspension

4.1 If the ultimate decision of the Registrar is to suspend the licensee's license –

(a) the licensee's authorisation will be suspended for three months.

(b) the suspension may be lifted at any time during the period referred to in paragraph (a) if the licensee complies with all the terms attached to the suspension.

4.2 The Registrar, at expiry of the period referred to in paragraph 4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

5. Terms to be attached to the intended suspension

The Registrar, if the ultimate decision is to suspend the authorisation of the licensee, intends to attach the following terms to the suspension of the licensee's licence:

5.1 General terms

COMMISSION OF INQUIRY INTO STATE CAPTURE

CP5

02/06/2015. If no response is received within the prescribed period this Office will proceed with the suspension of the licence.

Yours sincerely

CD da Silva
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From: Daniel Mahlangu - daniel@bnpcapital.co.za
Sent: 02 June 2015 06:15 PM
To: FAIS Compliance
Subject: BnP Capital (Pty) Ltd FSP - 43315
Attachments: BnP Capital FINAL 2013.pdf

Dear Sir/Madam
It has come to my attention that we have nopt submitted financial statements for 2013
Please find attached BnP Capital financial statement for a 2013 financial year end.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

B P

B P

& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS) FSP Number 43315.

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For more information please visit http://www.is.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

Marianne Van Rooyen

From: Mbali Mdlalose on behalf of FAIS Compliance
Sent: 05 June 2015 09:44 AM
To: 'Daniel Mahlangu'
Subject: RE: BnP Capital (Pty) Ltd FSP 43315

Dear Daniel

Please note that we have received your Financial Statements and Compliance Report but we have not received a proof of Re-Exam application

Regards.

Mbali Mdlalose
FAIS - Registration
Financial Services Board
E-mail: mbali.mdlalose@fsb.co.za
Tel: (012) 428 8076
Fax: (012) 422 2873
www.fsb.co.za

Riversdale Office Park, Block b, 41 Matroosberg Road, Ashlea Gardens Extension 6, Pretoria, 0081, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 02 June 2015 06:15 PM
To: FAIS Compliance
Subject: BnP Capital (Pty) Ltd FSP : 43315

Dear Sir/Madam,
It has come to my attention that we have nopt submitted financial statements for 2013
Please find attached BnP Capital financial statement for a 2013 financial year end.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

Marianne Van Rooyen

From: Mbali Mdlalose on behalf of FAIS Compliance
Sent: 05 June 2015 09:47 AM
To: Dineo Motswakae; Mahlomola Mataboge
Cc: Khosi Segole-Sibisi | FSB; Tshepo Mogale
Subject: FW: Notice to Suspend Authirisation
Attachments: img-602180912-0001.pdf, Invoice.pdf

Dear All

Please find the attached documents for your attention

Regards ,

Mbali Mdlalose
FAIS - Registration
Financial Services Board
E-mail: mbali.mdlalose@fsb.co.za
Tel: (012) 428 8076
Fax: (012) 422 2978
www.fsb.co.za

Twyfelvalli Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens Extension 16, Pretoria, 0081, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0081, South Africa

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 02 June 2015 06:30 PM
To: FAIS Compliance
Subject: re: Notice to Suspend Authirisation

Dear Sir/Madam.
Please find attached response to the above notice for your attention.
I have also attached an invoice providing proof that i have registered for the exams.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

BnP CAPITAL

Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Serrvices Board
Riverwalk Office Park
Bl;ock B, 41 Matroosberg Road
Ashlea Gardens Extnsion 6
Pretoria South
0081

Dear Sir/ Madam

Re: Notice of Intention to suspend authorisation: BnP Capital (Pty) Limited (FSP: 43315) ("The Licensee")

Contravention of Section 17(4) of the FAIS Act

The Financial Service Provider ("FSP") have submitted a compliance report for 2014 as indicated.

Contravention of Section 19(1) read with section 19(2) of the FAIS Act

The Service Provider has submitted both 2013 and 2014 financial statements to comply with the above section.

The licensee and /or Key Individual of the licensee does not meet or no longer meets the fit and proper requirements

The Key individual has registered with Moonstone to write all relevant exams to comply with the fit and proper requirements.

We humbly request that the register suspend its intention to suspend our license and review its decision after a period of 4 months.

Yours Sincerely

DANIEL MAHLANGU

Director: D Mahlangu

Tax Invoice - Paid

Moonstone Information Refinery (Pty) Ltd	**Tax Invoice - Paid**	
Reg. No.: 2000/001874/07 VAT Reg. No.: 4440187252	Date:	2015-05-11
25 Quantum Street, Techno Park, Stellenbosch, 7600 PO Box 12662, Die Boord, Stellenbosch, 7613 Tel no: (021) 883 8000 Fax no: 086 764 5342 website: www.moonstoneinfo.com	Page:	1 of 1
	Invoice No:	EB106910

Customer Details:

to: BnP Capital
Vat no:
Person Attending: Daniel Mahlangu
Fsp Name: BNP CAPITAL (PTY) LTD
Address:
Summit Square 15 School Road Morningside Sandton

Code	Description	Quantity	Net Price
1	Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV (2015-06-19) 11:30	1	R 1113.00
3	Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221 RE3 First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories II and IIA (2015-07-10) 09:00	1	R 1113.00

Bank account details Moonstone Information Refinery (Pty) Ltd First National Bank Type : Current Acc: 6227-696-2349 Branch Name: Stellenbosch Branch Code: 20-06-10 Swift Code: FIRNZAJJ	**Sub Total**	R 1952.62
	VAT @ 14%	R 273.38
	Total	**R 2226.00**
Thank you for your support.		

PLEASE FAX PROOF OF PAYMENT TO 086 764 5342. PLEASE USE YOUR INVOICE NUMBER AS REFERENCE WHEN MAKING PAYMENT.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "H"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Friday, August 12, 2016 1:06 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: Key Individual Application - FSP 43315
Attachments: Certified copies of qualifications, degree,articles,FSB.pdf; Payment Notification.pdf; DOC039.pdf

Dear Sir/Madam,
Please find attached an application form for a new key individual together with a proof of payment for your attention.

Kindest Regards
Daniel Mahlangu
Chief Executive Officer
For : **BnP Capital (Pty) Limited**
Direct Line : +27 (0) 11 783 7156
Fax : +27 (0) 86 588 9624
Mobile : +27 (0) 76 235 8504
E-mail : daniel@bnpcapital.co.za
Website : www.bnpcapital.co.za

B P

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& Investments

BnP Capital (Pty) Limited is an authorised financial services provider in terms of the Financial Advisory and Intermediary Services Act, No 37 of 2002 (FAIS). FSP Number 43315.

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University of South Africa

We certify that

Samuel Zvikomborero Matimba

having complied with the requirements of the Act and Statute, was admitted to the degree of

BACHELOR OF ACCOUNTING SCIENCE

at a congregation of the University on 29 March 1996

Vice-Chancellor

Dean

PRETORIA

Registrar

I THE UNDERSIGNED HEREBY CERTIFY THAT THIS IS A TRUE COPY OF THE ORIGINAL EXHIBITED TO ME
17/07/2014
ALEC GORDON McLEOD VEITCH
PRACTISING ATTORNEY R.S.A. COMMISSIONER OF OATHS

ALEC GORDON McLEOD VEITCH
Commissioner of Oaths Ex Officio
Practising Attorney RSA
2nd Floor, 3 Melrose Boulevard, Melrose Arch
Johannesburg 2076

COMMISSION OF ENQUIRY STATE CAPTURE

FSB

FPI
Financial Planning Institute of Southern Africa
THE PROFESSIONAL STANDARD

Regulatory Examination Certificate

This serves to certify that

Samuel Matimba
CN096971

has successfully completed

First Level Regulatory Examination: Representatives

CERTIFIED A TRUE COPY OF THE ORIGINAL
Jason Lance Dorning
Practising Attorney / Commissioner of Oaths
Date: 17/07/14

Chief Executive Officer

21 May 2014
Examination Date

Certificate Number: PR098581

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSB

FPI
Financial Planning Institute of Southern Africa
THE PROFESSIONAL STANDARD

Regulatory Examination Certificate

This serves to certify that

Samuel Matimba
CN096971

has successfully completed

First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

CERTIFIED A TRUE COPY OF THE ORIGINAL

Jason Lance Dorning
Practising Attorney / Commissioner of Oaths

Date: 12/02/14

Chief Executive Officer

30 May 2014
Examination Date

Certificate Number: PR099935

COMMISSION OF INQUIRY INTO STATE CAPTURE

NOTIFICATION OF PAYMENT

Dear Fsb
Fais

First National Bank hereby confirms that the following payment instruction has been received

Date Actioned	: 2016/08/12
Time Actioned	: 11:15:36
Trace ID	: DGZHWZ4C

Payer Details

Payment from	: *BNP CAPITAL (PTY) LTD
Cur/Amount	: ZAR1251.00

Payee Details

Recipient/Account no.	: 5000787
Name	: FSB MAIN ACCOUNT
Bank	: FNB
Branch Code	:
Reference	: FSP43315

END OF NOTIFICATION

To authenticate this Payment Notification, please visit the First National Bank website at www.fnb.co.za, select the "Verify Payments" link and follow the on-screen instructions.

Our customer (the payer) has requested First National Bank Limited to send this notification of payment to you. Should you have any queries regarding the contents of this notice, please contact the payer. First National Bank Limited does not guarantee or warrant the accuracy and integrity of the information and data transmitted electronically and we accept no liability whatsoever for any loss, expense, claim or damage, whether direct, indirect or consequential, arising from the transmission of the information and data.

Disclaimer:

The information contained in this e-mail is confidential and may contain proprietary information. It is meant solely for the intended recipient. Access to this e-mail by anyone else is unauthorised. If you are not the intended recipient, any disclosure, copying, distribution or any action taken or omitted in reliance on this, is prohibited and may be unlawful .No liability or responsibility is accepted if information or data is, for whatever reason corrupted or does not reach its intended recipient. No warranty is given that this e-mail is free of viruses. The views expressed in this e- mail are, unless otherwise stated, those of the author and not those of FirstRand Bank Limited or its management. FirstRand Bank Limited reserves the right to monitor, intercept and block e-mails addressed to its users or take any other action in accordance with its e-mail use policy. Licensed divisions of FirstRand Bank Limited are authorised financial service providers in terms of the Financial Advisory and Intermediary Services Act 37 of 2002.

FirstRand Bank Directors: LL Dippenaar (Chairman), JP Burger (CEO), VW Bartlett, AP Pullinger (Deputy CEO), MS Bomela, P Cooper (Alternate), JJ Durand, GG Gelink, PM Goss, NN Gwegwa, PK Harris, WR Jardine, HS Kellan, RM Loubser, EG Matenge-Sebesho, PJ Makosholo, AT Nzimande, D Premnarayen (India), BJ van der Ross, JH van Greuning, Company Secretary: C Low

First National Bank, a division of FirstRand Bank Limited. Reg.No.1929/001225/06.
An Authorised Financial Services and Credit Provider (NCRCP20).

KEY INDIVIDUALS / SOLE PROPRIETOR

Instructions:
This form must be completed by an applicant that is a sole proprietor and any key individual of an applicant. A sole proprietor means an FSP that is a natural person.

The expression 'key individual' is defined in section 1(1) of the Act as follows:

'Key individual' in relation to an authorised financial services provider, or a representative, carrying on business as

a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service, or

b) a corporate body or trust consisting of only one natural person as a member, director, shareholder or trustee, means any such natural person; ..

If an applicant intends to render various financial services, the key individual (see also guidance note for further explanation) or individuals responsible for managing or overseeing the various financial services must be listed.

The key individual is responsible for managing or overseeing the activities of the FSP and such individual must comply with the requirements in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008.

GUIDANCE NOTE:
Subparagraph (b) of the definition requires little or no explanation, in that it deals with entities (persons) which are managed, owned or governed by one natural person only. In this scenario it is clear that this natural person is the key individual as defined.

Subparagraph (a) of the definition will be broken down into the two functions mentioned in this subparagraph that are the function of managing and the function of overseeing.

Reference is made to the Concise Oxford Dictionary for definitions of the terminology. Managing is defined as *'having executive control or authority (Managing Director).'* Overseeing or oversee is defined as *'officially supervise (workers, work, etc.)'.*

It is therefore clear from these definitions that a key individual mentioned in subparagraph (a) would include persons in executive control such as directors and other persons performing a managerial function over activities relating to the rendering of a financial service.

In a life insurance company, for example, key individuals may therefore include, directors, provincial managers, and depending on the structure of a particular entity, any other individual whom in the opinion of the controlling body is also engaged in overseeing the activities of a representative, in rendering a financial service regulated by the Act. However, it is not the intention to include every person in a supervisory capacity, or indeed, every director.

Explanatory notes *(The number next to the note refers to the relevant fields that must be completed.)*

A separate Form FSP 4 must be completed for each Key Individual.

A. Provide the initials and surname of the sole proprietor or key individual.

B. Provide the sole proprietor's and key individual's details.

C. Provide the relevant contact details of the sole proprietor and the key individual.

D. Give a description of what best describes the key individual's role in the organisation.

E. All of the questions numbered 1 to 6 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form FSP 14A* what documentation is attached.

F. All questions numbered 1 to 11 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form FSP 14A* what documentation is attached.

G. Sole proprietors and key individuals must comply with the qualification requirements set out in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008. In terms of the aforementioned Determination qualifications must be recognised by the Registrar and must be listed on the List of Recognised Qualifications. Please refer to the List of Recognised Qualifications to determine whether the qualifications listed under section G.1. are recognised. If the qualifications are not recognised you must, prior to submitting this application, apply in the prescribed

form and manner to the Registrar for recognition of the qualifications

If the qualifications are recognised indicate under 'Qualification Code' in column two of the Table under section G.1. the qualification ID number as reflected on the List of Recognised Qualifications

Attach certified copies of the qualifications and indicate on *Form FSP 14A* what documentation is attached

H. List the relevant experience that the person has gained within the last 5 years. Full details of the person's responsibilities must be provided to illustrate that the person's experience is relevant to the category of financial services and subcategory of financial products being offered / rendered.

I. Indicate under section I.1. the sole proprietor's and key individual's experience in the management or oversight of the activities of a business or part thereof. Indicate under section I.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A

J. Indicate under question J.1 the sole proprietor s and key individual's experience for the categories of financial services and the subcategories of financial products in respect of which the sole proprietor will be rendering financial services and the key individual will be managing or overseeing.

Indicate under section J.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A

K. The key individual and sole proprietor must have the operational ability to fulfill the responsibilities imposed on the licensee and its key individuals by the Act

L. Indicate whether the key individual will be rendering financial services as a representative.

M. A certified copy of the key individual's and sole proprietor s identification document (e.g. identity document for SA Citizens and passports for non-SA Citizens) must accompany the application.

N. Where the key individual (refer to note below) will also be rendering financial services as a representative (s)he must complete FSP Form 5.

O. An indemnity form must be completed by the sole proprietor and all key individuals.

COMMISSION OF INQUIRY INTO STATE CAPTURE

ATTACHMENTS AND FORMS COMPLETED

FSP Name BNP CAPITAL (PTY) LTD

FSP No 43315

Indicate whether the following forms are attached and the number of forms.

Form No	Complete	Number of copies attached
FSP 1		
FSP 2		
FSP 3		
FSP 4		
FSP 5		
FSP 6		
FSP 7		
FSP 8		
FSP 9		
FSP 10		
FSP 11		
FSP 12		
FSP 13A		
FSP 13B		
FSP 14B		
FSP15		

Have all your representatives' details been submitted with the application form. If not, a separate electronic submission may be made in the prescribed format. Yes ☐ No ☐

Clearly indicate any attachments that have been included with this application form.

Attachment A	
Attachment B	
Attachment C	
Attachment D	
Attachment E	
Attachment F	
Attachment G	
Attachment H	
Attachment I	
Attachment J	
Attachment K	
Attachment L	
Attachment M	

Indicate the number of certified copies of the licence that will be required in terms of section 8(5)(a)(ii) of the Act.
Note that a service fee is payable for each certified copy

Number of certified copies

COMMISSION OF INQUIRY INTO STATE CAPTURE

CD5

FSP Name BNP CAPITAL

FSP No 43315

Declaration by the Financial Services Provider
(A Key Individual of a close corporation, partnership, trust and sole proprietor or the managing director or chief executive officer of a company must sign this declaration)

I SAMUEL Z. MATIMBA (full name of the key individual or director) confirm that the information contained in this application is accurate and true in all material aspects.

I hereby acknowledge that I am familiar with the provisions of the Act and the duties imposed by it (eg. the reporting duties under section 17 and 19 of the Act) on a FSP.

I hereby acknowledge and accept that, if this application is granted, the FSP will be subject to the jurisdiction of the Ombud as defined in section 1(1) of the Act. Furthermore, I acknowledge and accept that the Ombud may make determinations in terms of the provisions of section 28 of the Act.
(If the applicant is a juristic person, attach a resolution authorising the signatory to apply for a licence to conduct business as a financial services provider)

I hereby acknowledge that I understand am familiar with the provisions of the Financial Services Board Act and the duties imposed by the said Act on the financial services provider in relation to the payment of levies.

Name: S Z MATIMBA *Capacity:* K.I

Date 12/08/2016 *Signature:*

COMMISSION OF INQUIRY INTO STATE CAPTURE

KEY INDIVIDUALS / SOLE PROPRIETOR

FSP No 43315

A. Full Names of Key Individual/ Sole Proprietor SAMUEL ZVIKOMBORERO MATIMBA

Indicate type of identification:

Identity Number:

Passport Number: CN096971 (ZIM PASSPORT)

Other:

If other, please specify:

B. Details of Key individual/ Sole Proprietor

Title: MR

Initials: S.Z

First Name: SAMUEL

Surname: MATIMBA

Date of Birth: 28/05/1973

Date of appointment to current position: AUGUST 2016

C. Contact details:

Physical Address: EAGLE CANYON ESTATE
HONEYDEW 2170

Postal Code: 2170

Postal Address: P O BOX 2040 3391

Postal Code:

Telephone Number: 011 678 1071

Fax Number (if applicable):

Mobile Phone Number: 072 314 3882

E-mail Address: Samuel@davidworthinc.com

COMMISSION OF INQUIRY INTO STATE CAPTURE

(if applicable)

D. Role of Key individual in the organisation:

Company director	☐
Member of a close corporation	☐
Trustee of a trust	☐
Partner in a partnership	☐
Manager	☒
Secretary General	☐
Other	☐

(If "other", provide a short description of the key individual's role

E. Fit and Proper Requirements –honesty and integrity questions

If the answer to any of the questions is YES, provide full details in a separate document signed by the key individual and attach to the application form.

	Questions	Yes	No
1	Has an adverse finding been made against you within a period of five years preceding the date of application in any civil or criminal proceedings by a court of law (whether in the Republic of South Africa or elsewhere) in which you were found to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty?	☐	☒
2	Have you within a period of five years preceding the date of application been found guilty by any professional or financial services industry body (whether in the Republic or elsewhere), of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
3	Have you within a period of five years preceding the date of application been denied membership of anybody referred to in paragraph 2 on account of an act of dishonesty negligence, incompetence or mismanagement?	☐	☒
4	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere) of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
5	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere), recognised by the Financial Services Board has an authorisation to carry on business has been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
6	Have you at any time prior to the date of application been disqualified or prohibited by any court of law (whether in the Republic or elsewhere) from taking part in the management of any company or other statutorily created, recognised or regulated body, irrespective whether such disqualification has since been lifted or not?	☐	☒

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F. Section 8(2)(a) of the Act – Additional information

If the answer to any of the questions is YES, provide full details in a separate document signed by the key individual and attach to the application form.

	Questions	Yes	No
1	Have you been refused the right to carry on or restricted from carrying on a trade, business or profession for which a specific licence, registration or other authority is required by law in any country?	☐	☒
2	Have you been issued with a prohibition order under any law administered by the Financial Services Board or been prohibited by other regulatory bodies from operating in the financial services industry?	☐	☒
3	Have you been involved with a corporation which has been censured, disciplined, suspended or refused membership or registration by a stock exchange, futures exchange, other market or regulatory authority?	☐	☒
4	Have you had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil proceedings, in South Africa or elsewhere or are there any proceedings now pending which may lead to such a judgment?	☐	☒
5	Have you knowingly or negligently aided or abetted other persons in the breach of any laws, regulations, exchange rules and/or codes of conduct?	☐	☒
6	Have you been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in the Republic or elsewhere) or exchange, professional body or government body or agency?	☐	☒
7	Has your estate ever been sequestrated?	☐	☒
8	Have you ever been a controlling shareholder, director of a company or member of a close corporation at the time it was placed under judicial management or in provisional or final liquidation?	☐	☒
9	Have you ever been refused a licence or registration in any place under any law, which requires licensing or registration in relation to securities, futures leveraged foreign exchange or insurance activities?	☐	☒
10	Have you ever been refused authorisation to carry on business by any regulatory body (whether in the Republic or elsewhere), recognised by the Financial Services Board or has such authorisation ever been suspended or revoked by any such body, because of negligence, incompetence or mismanagement?	☐	☒
11	Do you have any additional information, which should be brought to the Registrar's attention, which may have an impact on the evaluation, by the Registrar of your good character and integrity?	☐	☒

G.1. Qualifications

Please note that only qualifications listed on the List of Recognised Qualifications will be considered

Institution that issued the qualification	Qualification code	Qualification	Year obtained
SAIPA INSTITUTE OF PROFESSIONAL ACCS		PROFESSIONAL ACCOUNTANT	2009
UNISA		BCOMPT	1996
ICAZ INSTITUTE OF CA (ZIM)		ARTICLES	1996

G.2. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE Rep	REP	21 MAY 2014
RE I, II, IIA, III, IV	KEY IND	30 MAY 2014

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H. Employment history

Provide a detailed CV of the experience of the sole proprietor or key individual. The CV must include sufficient detail to enable the Registrar to ascertain that the person comply with the required experience requirements

Dates of Employment (dd/mm/yyyy - dd/mm/yyyy)	Employer	Position held	Details of responsibilities Provide detailed information on responsibilities
2013 - 2015	RH MANAGERS	PARTNER	DEAL ORIGINATION, FUND MANAGEMENT BUY SIDE
2011 - 2013	ARKEIN CAPITAL PARTNERS	CFO, PARTNER	FUND MANAGEMENT BUY SIDE MODELLING
2006 -	UTHO CAPITAL	SENIOR ASSOCIATE	DEAL ORIGINATION MANAGEMENT MODELLING

I. Evidence of experience obtained in the management or oversight of the activities of a business.

I.1. Indicate the type and months of experience obtained.

Management / Oversight	Months experience
MANAGEMENT	20 YRS

I.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual s and sole proprietor s employment history and experience (s)he had obtained with specific reference to the management or oversight of a business or part thereof.

Names of persons providing reference	Company employed
DONOVAN CHIMHANDAMIGA	ARKEIN CAPITAL

J. Evidence of experience obtained in the rendering of financial services in respect of the categories of financial services and the subcategories of financial products.

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Note:

(i) A sole proprietor must demonstrate that (s)he has the relevant qualifications and experience relating to the category of financial services and subcategory of financial products in respect of which authorisation is sought

(ii) An FSP must at all times ensure that at least one or more of the key individuals meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP who is a sole proprietor in respect of any one or more categories of financial services and subcategories of financial products in respect of which authorisation is sought.

J.1. Indicate experience obtained in the rendering of financial services in respect of the categories of financial services and the subcategories of financial products.

			A. Months experience advice		B. Months experience Intermediary service
1	**CATEGORY I**				
1.1	Long-term Insurance subcategory A	☐		☐	
1.2	Short-term Insurance Personal Lines	☐		☐	
1.3	Long-term Insurance subcategory B1	☐		☐	
1.4	Long-term Insurance subcategory C	☐		☐	
1.5	Retail Pension Benefits	☐		☐	
1.6	Short-term Insurance Commercial Lines	☐		☐	
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐		☐	
1.8	Securities and Instruments: Shares	☒	20 YRS	☐	
1.9	Securities and Instruments: Money market instruments	☒	20 "	☐	
1.10	Securities and Instruments: Debentures and securitised debt	☒	20 "	☐	
1.11	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, 1.9 and 1.10 above.	☒	20 "	☐	
1.12	Securities and Instruments: Bonds	☐		☐	
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐		☐	
1.14	Participatory interests in Collective Investment Schemes	☐		☐	
1.15	Forex Investment Business	☐		☐	
1.16	Health Service Benefits	☐		☐	
1.17	Long-term deposits	☐		☐	
1.18	Short-term deposits	☐		☐	
1.19	Friendly Society Benefits	☐		☐	
1.20	**Long-term Insurance subcategory B2**	☐		☐	

			Months experience
2	**CATEGORY II – DISCRETIONARY FSP**		
2.1	Long-term Insurance subcategory B1	☐	
2.2	Long-term Insurance subcategory C	☐	
2.3	Retail Pension Benefits	☐	

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2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
2.5	Securities and Instruments: Shares	☒	20 YRS
2.6	Securities and Instruments: Money market instruments	☒	20 "
2.7	Securities and Instruments: Debentures and securitised debt	☒	20 "
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategories 2.5, 2.6 and 2.7 above.	☒	20 "
2.9	Securities and Instruments: Bonds	☐	
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
2.11	Participatory Interests in Collective Investment Schemes	☐	
2.12	Forex Investment Business	☐	
2.13	Long-term deposits	☐	
2.14	Short-term deposits	☐	
2.15	Long-term Insurance subcategory B2	☐	

			Months Experience
2A	CATEGORY IIA – HEDGE FUND FSP	☐	

			Months Experience
3	CATEGORY III – ADMINISTRATIVE FSP		
3.1	Long-term Insurance subcategory B1	☐	
3.2	Long-term Insurance subcategory C	☐	
3.3	Retail Pension Benefits	☐	
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
3.5	Securities and Instruments: Shares	☐	
3.6	Securities and Instruments: Money market instruments	☐	
3.7	Securities and Instruments: Debentures and securitised debt	☐	
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategories 3.5, 3.6 and 3.7 above.	☐	
3.9	Securities and Instruments: Bonds	☐	
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
3.11	Participatory interests in Collective Investment Schemes	☐	
3.12	Forex Investment Business	☐	
3.13	Long-term deposits	☐	
3.14	Short-term deposits	☐	
3.15	Long-term Insurance subcategory B2	☐	

			Months Experience
4	CATEGORY IV – ASSISTANCE BUSINESS FSP	☐	

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J.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience he/she had obtained with specific reference to the category of financial services and subcategory of financial products in respect of which authorisation are sought

Names of persons providing reference	Designation	Company employed
DONDUAN CHIMHANDAMBA	CEO	ARKEFIN CAPITAL

K. Operational ability

Are you able to maintain the operational ability to fulfil the responsibilities imposed on the licensee by the Act, including the management and oversight of representatives (where applicable) rendering financial services on behalf of the licensee?

YES ☑ NO ☐

L. Indicate whether the key individual will be rendering financial services as a representative?

YES ☑ NO ☐

If yes, FSP Form 5 must also be completed.

M. *A certified copy of the key individual's identification document* must accompany the application form.

I, SAMUEL Z MATIMBA .....**(name of the sole proprietor / key individual) declare that the information provided in this form is correct.**

.....
Signature

12/08/2016
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

N. Indemnity form

I, SAMUEL Z. MATIMBA (full name of sole proprietor / key individual)

Identity / passport number CN096971 hereby authorise the Financial Services Board, and its duly authorised verification agent, to request or confirm any personal information as well as any other information that I have provided in support of my application to any personal data holders (including but not limited to the South African Police Service, the Government of the RSA, industry bodies and associations, employers and any educational, training, credit bureau and fraud prevention organisations) for the purpose of verifying my personal credentials and records.

Credential verification types include, but are not limited to, educational qualifications, professional membership, employment history, employment references including industry employment registers, consumer credit, criminal records, driver's licence, and fraud prevention checks.

I authorise the personal data holders (including but not limited to the aforesaid institutions) to furnish information regarding my credentials, whether claimed or not, to the Financial Services Board and it's duly authorised verification agent. I unconditionally indemnify the Financial Services Board, its verification agent and the personal data holders against any liability that may result from furnishing information in this regard.

Signature

12/08/2014
Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

Andrea Coetzer

From: Sam Matimba <samuel@davidworthinc.com>
Sent: Wednesday, August 17, 2016 10:26 AM
To: Sidwell Francis
Subject: BNP Capital FSP 43315 Key Individual

Dear Sidwell,

Please kindly note that I have requested that Mr Mahlangu of BnP Capital immediately withdraw my name as an applicant for the KI position for any of his entity(ies) including for FSP 43315.

After having sought due advice I am not in a position to assist him at this stage. Please kindly and immediately effect the same removal of my name your end.

Many thanks.

Samuel. Matimba.

--
Kind Regards

Samuel Matimba
The Davidworth Group
+27 72 314 3882, +27 11 678 1071
Northcliff, JHB, S.A.

This inbound email has been scanned by the IS Mail Control service.
For more information please visit http://www.is.co.za

Annexure "I"

Anarea Coetzer

From: Shadrack Rikhotso <shadrackr@nyamatsi.co.za>
Sent: Thursday, September 1, 2016 1:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI
Attachments: Letter - FSB' (2).pdf; POP OF APPROVAL FEE FOR KI.pdf; Application 4 Nikki.pdf; Application 5 Nikki (3).pdf; FSP Business Plan.pdf; Qualifications.pdf

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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BnP Capital

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board
Riverwalk Office Park
Block, 41 Matroosberg
Ashlea Gardens
Pretoria

Dear Sir/Madam,

Notice to Down Grade from CAT II to CAT I: BNP Capital (FSP number: 43315 ("The Licensee")

1. BnP would like to notify the FSB about its intention to down grade its current licence from Category II to Category I due to non availability of a key individual that meets the fit and proper requirements as per FAIS Act requirements.
2. BnP current does not have any assets under management.
3. BnP would operate under Sub categories 1.17 and 1.18, that is, Long-Term deposit and Short- Term deposit respectively.
4. BnP intends to upgrade back to its original categories once its Key Individual has fulfilled all the requirements of fit and proper as the per the FAIS Act. That's once its Key Individual has written all the Res exams.
5. The company's intends to upgrade back to CAT II licence status for the following reasons below:
   - It forms part its new business strategy going forward which talks to its sustainability;
   - It was difficult at the beginning for the company to raise funding from Limited Partners but has seen keen interest in the recent past given its experience in the Capital Debt Market, Capital Raising, Corporate Finance and Mergers and Acquisitions;
   - It has received numerous offers from investors to either co-manage a private equity fund or come in as Limited Partners in the fund;

- The company intends on setting up a student accommodation and work activate funds given its shareholding in the biggest student accommodation company in the country and its current work with the department of Labour;
- Lastly, the company has been involved in the Debt Capital Markets with likes of RMB and Citi bank, CAT II licence is a prerequisite for such. It is the plan of the company to grow in this area.

Yours Sincerely,

Director

Daniel Mahlangu

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Absa Online: Notice of Payment

27 August 2016

Dear NYAMATSI COMPLIANCE LINK CC

Subject: Notice Of Payment: FSB

Please be advised that you made a payment to FSB as indicated below.

Transaction number:	800F48A190-138
Payment date:	2016-08-27
Payment made from:	CHEQUE ACCOUNT
Payment made to:	FSB
Beneficiary bank name:	FSB
Beneficiary account number:	4928
Bank branch code:	0041884
For the amount of:	1,251.00
Immediate interbank payment :	N
Reference on beneficiary statement:	BNP Capital
Additional comments by payer:	-

If you need more information or assistance, please call us on 08600 08600 or +27 11 501 5110 (International calls).

If you have made an incorrect internet banking payment, please send an email to digital@absa.co.za

Yours sincerely

General Manager: Digital Channels

This document is intended for use by the addressee and is privileged and confidential. If the transmission has been misdirected to you, please contact us immediately. Thank you.

BARCLAYS

Absa Bank Limited Reg No 1986/004794/06 Authorised Financial Services and Registered Credit Provider Reg No NCRCP7 Company Information: www.absa.co.za

Absa Bank Beperk Reg No 1986/004794/06 Gemagtigde Finansiëledienste- en Geregistreerde Kredietverskaffer Reg No NCRCP7 Maatskappy-inligting: www.absa.co.za

REPRESENTATIVES

FSP Name BNP CAPITAL (PTY) LTD

FSP No 43315

Name of Person NIKASHNI GAJOO

Identity / Passport/ Registration Number 770919 0005 081

A. Type of person:

*Natural Person ☒

To distinguish natural persons from legal persons, humans are referred to as being natural persons.

*Legal Person ☐

A legal person is recognised as a separate legal entity apart from its members and natural persons, which form part of it. The legal person can act through its members only, the result of such action being that only the legal person acquires rights and incurs duties and not its members in their personal capacity e.g. company, close corporation, trust, etc.

A legal person's employees (including persons appointed as key individuals) that render financial services must be appointed as representatives of the FSP.

B. Information required from a natural person

Title: MISS

Initials: N

First Name: NIKASHNI

Surname: GAJOO

Date of birth: 1977/09/19

C. Information required from a legal person

1. Name

2. Country of Registration

3. Details of Legal Person's key individual

Title

Initials

First Name

Surname

ID/Passport Number

Date of birth

Date of appointment

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D. Information required from both natural and legal persons

Physical Address	UNIT28 RIVERVIEW 30 ELIZABETH AVENUE RIVONIA
Postal Code	2128
Date of appointment	01/09/2016

E. Subcategories appointed to render financial services
Indicate in Column C whether the representative renders financial services under supervision.

	Category and subcategory	A. Advice	B. Intermediary Services	C. Services under Supervision
1	**CATEGORY I**	☐	☐	☐
1.1	Long-term Insurance: subcategory A	☐	☐	☐
1.2	Short-term Insurance Personal Lines	☐	☐	☐
1.3	Long-term Insurance subcategory B	☐	☐	☐
1.4	Long-term Insurance subcategory C	☐	☐	☐
1.5	Retail Pension Benefits	☐	☐	☐
1.6	Short-term Insurance Commercial Lines	☐	☐	☐
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐	☐	☐
1.8	Securities and Instruments: Shares	☐	☐	☐
1.9	Securities and Instruments: Money market instruments	☐	☐	☐
1.10	Securities and Instruments: Debentures and securitised debt	☐	☐	☐
1.11	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, .1.9 and 1.10 above.	☐	☐	☐
1.12	Securities and Instruments: Bonds	☐	☐	☐
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐	☐	☐
1.14	Participatory Interests in Collective Investment Schemes	☐	☐	☐
1.15	Forex Investment Business	☐	☐	☐
1.16	Health Service Benefits	☐	☐	☐
1.17	Long-term Deposit	☒	☒	☐
1.18	Short-term Deposits	☒	☒	☐
1.19	Friendly Society Benefits	☐	☐	☐

If you have selected sub-category 1.16, Health Service Benefits, provide the Legal Person's and natural person's accreditation number allocated to the applicant by the Council for Medical Schemes in the block below.

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2	CATEGORY II – DISCRETIONARY FSP	Discretionary	Services under supervision
2.1	Long-term Insurance subcategory B	☐	☐
2.2	Long-term Insurance subcategory C	☐	☐
2.3	Retail Pension Benefits	☐	☐
2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	☐
2.5	Securities and Instruments: Shares	☐	☐
2.6	Securities and Instruments: Money market instruments	☐	☐
2.7	Securities and Instruments: Debentures and securitised debt	☐	☐
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 2.5, 2.6 and 2.7 above.	☐	☐
2.9	Securities and Instruments: Bonds	☐	☐
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	☐
2.11	Participatory Interests in Collective Investment Schemes	☐	☐
2.12	Forex Investment Business	☐	☐
2.13	Long-term deposits	☐	☐
2.14	Short-term deposits	☐	☐
2A	**CATEGORY IIA – HEDGE FUND FSP**	☐	☐

		Discretionary	Services under supervision
2A	**CATEGORY IIA – HEDGE FUND FSP**	☐	☐

3	CATEGORY III – ADMINISTRATIVE FSP	Administrative	Services under supervision
3.1	Long-term Insurance subcategory B	☐	☐
3.2	Long-term Insurance subcategory C	☐	☐
3.3	Retail Pension Benefits	☐	☐
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	☐
3.5	Securities and Instruments: Shares	☐	☐
3.6	Securities and Instruments: Money market instruments	☐	☐
3.7	Securities and Instruments: Debentures and securitised debt	☐	☐
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 3.5, 3.6 and 3.7 above	☐	☐
3.9	Securities and Instruments: Bonds	☐	☐
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	☐
3.11	Participatory Interests in Collective Investment Schemes	☐	☐
3.12	Forex Investment Business	☐	☐
3.13	Long-term Deposits	☐	☐
3.14	Short-term Deposits	☐	☐

4	CATEGORY IV – ASSISTANCE BUSINESS FSP	Assistance Business	Services under supervision
		☐	☐

F. Highest relevant Qualification

Institution that issued the qualification	Qualification code	Qualification	Year obtained
UFS		CFP	2004

G. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE 1		
RE 2		

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KEY INDIVIDUALS / SOLE PROPRIETOR

Instructions:
This form must be completed by an applicant that is a sole proprietor and any key individual of an applicant. A sole proprietor means a FSP that is a natural person.

The expression "key individual" is defined in section 1(1) of the Act as follows:

"Key individual", in relation to an authorised financial services provider, or a representative, carrying on business as –

a) a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or

b) a corporate body or trust consisting of only one natural person as a member, director, shareholder or trustee, means any such natural person;..."

If an applicant intends to render various financial services, the key individual (see also guidance note for further explanation) or individuals responsible for managing or overseeing the various financial services must be listed.

The key individual is responsible for managing or overseeing the activities of the FSP and such individual must comply with the requirements in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (BN 106/2008).

GUIDANCE NOTE:
Sub-paragraph (b) of the definition requires little or no explanation, in that it deals with entities (persons), which are managed, owned or governed by one natural person only. In this scenario it is clear that this natural person is the key individual as defined.

Sub-paragraph (a) of the definition will be broken down into the two functions mentioned in this sub-paragraph, that is the function of managing and the function of overseeing.

Reference is made to the Concise Oxford Dictionary for definitions of the terminology. Managing is defined as *"having executive control or authority (Managing Director."*. Overseeing or oversee is defined as *"officially supervise (workers, work, etc.)"*.

It is therefore clear from these definitions that a key individual mentioned in sub-paragraph (a) would include persons in executive control such as directors and other persons performing a managerial function over activities relating to the rendering of a financial service.

In a life insurance company, for example, key individuals may therefore include, directors, provincial managers, and depending on the structure of a particular entity, any other individual whom in the opinion of the controlling body is also engaged in overseeing the activities of a representative, in rendering a financial service regulated by the Act. However, it is not the intention to include every person in a supervisory capacity, or indeed, every director.

Explanatory notes :*(The number next to the note refers to the relevant fields that must be completed.)*

A separate Form FSP 4 must be completed for each Key Individual.

A. Provide the initials and surname of the sole proprietor or key individual.

B. Provide the sole proprietor's and key individual's details.

C. Provide the relevant contact details of the sole proprietor and the key individual's.

D. Give a description of what best describes the key individual's role in the organisation.

E. All of the questions numbered 1 to 6 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form – FSP 14A* what documentation is attached.

F. All questions numbered 1 to 11 must be answered. If any questions are answered with a "YES", full details must be attached to the application form. Indicate on *Form - FSP 14A* what documentation is attached.

G. Sole proprietors and key individuals must comply with the qualification requirements set out in the Determination of Fit and Proper Requirements for Financial Services Providers, 2008 (BN 106/2008). In terms of the aforementioned Determination qualifications must be recognised by the Registrar and must be listed on the List of Recognised Qualifications. Please refer to the List of Recognised Qualifications to determine whether the qualifications listed under section G.1. are recognised. If the qualifications are not recognised you must, prior to submitting this application, apply in the prescribed form and manner to the Registrar for recognition of the qualifications.

If the qualifications are recognised, indicate under 'Qualification Code' in column two of the Table under section G.1. the qualification ID number as reflected on the List of Recognised Qualifications.

Attach certified copies of the qualifications and indicate on *Form FSP 14A* what documentation is attached.

H. List the relevant experience that the person has gained within the last 5 years. Full details of the person's responsibilities must be provided to illustrate that the person's experience is relevant to the category of financial services and subcategory of financial products being offered / rendered.

I. Indicate under section I.1. the sole proprietor's and key individual's experience in the management or oversight of the activities of a business or part thereof. Indicate under section I.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

J. Indicate under question J.1. the sole proprietor's and key individual's experience for the categories of financial services and the subcategories of financial products in respect of which the sole proprietor will be rendering financial services and the key individual will be managing or overseeing.

Indicate under section J.2. the name(s) of the person(s) providing the required reference(s). The reference letter(s) must accompany the application and must be indicated on FSP Form 14A.

K. The key individual and sole proprietor must have the operational ability to fulfill the responsibilities imposed on the licensee and its key individuals by the Act.

L. Indicate whether the key individual will be rendering financial services as a representative?

M. A certified copy of the key individual's and sole proprietor's identification document (e.g. identity document for SA Citizens and passports for non-SA Citizens) must accompany the application.

N. Where the key individual (refer to note below) will also be rendering financial services as a representative (s)he must complete FSP Form 5.

O. An indemnity form must be completed by the sole proprietor and all key individuals.

COMMISSION OF INQUIRY INTO STATE CAPTURE

KEY INDIVIDUALS / SOLE PROPRIETOR

FSP Name BNP CAPITAL

FSP No 43315

A. Full Names of Key individual/ Sole Proprietor NIKASHNI GAJOO

Indicate type of identification:

Identity Number: 770919 0005 081

Passport Number:

Other:

If Other, please specify:

B. Details of Key individual/ Sole Proprietor

Title: MISS

Initials: N

First Name: NIKASHNI

Surname: GAJOO

Date of Birth: 1977/09/19

Date of appointment to current position: 01/09/2016

C. Contact details:

Physical Address: UNIT 28 RIVERVIEW
30 ELIZABETH AVENUE
RIVONIA

Postal Code: 2128

Postal Address: P O BOX 4970
RIVONIA

Postal Code: 2128

Telephone Number: 011 529 2054

Fax Number (if applicable): 086 586 9320

Mobile Phone Number: 082 940 4674

E-mail Address: Nikki.gajoo@webmail.co.za

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(if applicable)

D. Role of Key individual in the organisation:

Company director	☐
Member of a close corporation	☐
Trustee of a trust	☐
Partner in a partnership	☐
Manager	☐
Secretary General	☐
Other	☒

(If "other", provide a short description of the key individual's role)

Key Individual

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E. Fit and Proper Requirements –honesty and integrity questions

*If the answer to any of the questions is **YES**, provide full details in a separate document signed by the key individual and attach to the application form.*

	Questions	Yes	No
1	Has an adverse finding been made against you within a period of five years preceding the date of application in any civil or criminal proceedings by a court of law (whether in the Republic of South Africa or elsewhere) in which you were found to have acted fraudulently, dishonestly, unprofessionally, dishonourably or in breach of a fiduciary duty?	☐	☒
2	Have you within a period of five years preceding the date of application been found guilty by any professional or financial services industry body (whether in the Republic or elsewhere), of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
3	Have you within a period of five years preceding the date of application been denied membership of any body referred to in paragraph 2 on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
4	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere) of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
5.	Have you within a period of five years preceding the date of application been found guilty by any regulatory or supervisory body (whether in the Republic or elsewhere), recognised by the Board, or has an authorisation to carry on business has been refused, suspended or withdrawn by any such body on account of an act of dishonesty, negligence, incompetence or mismanagement?	☐	☒
6.	Have you at any time prior to the date of application been disqualified or prohibited by any court of law (whether in the Republic or elsewhere) from taking part in the management of any company or other statutorily created, recognised or regulated body, irrespective whether such disqualification has since been lifted or not?	☐	☒

F. Section 8(2)(a) of the Act – Additional Information

*If the answer to any of the questions is **YES**, provide full details in a separate document signed by the key individual and attach to the application form.*

	Questions	Yes	No
1	Have you been refused the right to carry on or restricted from carrying on a trade, business or profession for which a specific license, registration or other authority is required by law in any country?	☐	☒
2	Have you been issued with a prohibition order under any Act administered by the Financial Services Board or been prohibited by other regulatory bodies from operating in the financial services industry?	☐	☒
3	Have you been involved with a corporation, which has been censured, disciplined, suspended or refused membership or registration by a stock exchange, futures exchange, other market or regulatory authority?	☐	☒
4	Have you had any judgment (including a finding of fraud, misrepresentation or dishonesty) given against you in any civil proceedings, in South Africa or elsewhere or are there any proceedings now pending which may lead to such a judgment?	☐	☒
5	Have you knowingly or negligently aided or abetted other persons in the breaching of any laws, regulations, exchange rules and/or codes of conduct?	☐	☒
6	Have you been the subject of any investigation or disciplinary proceedings by any regulatory authority (whether in the Republic or elsewhere) or exchange, professional body or government body or agency?	☐	☒
7	Has your estate ever been sequestrated?	☐	☒
8	Have you ever been a controlling shareholder, director of a company or member of a close corporation at the time it was placed under judicial management or in provisional or final liquidation?	☐	☒
9	Have you ever been refused a licence or registration in any place under any law, which requires licensing or registration in relation to securities, futures, leveraged foreign exchange or insurance activities?	☐	☒
10	Have you ever been refused authorisation to carry on business by any regulatory body (whether in the Republic or elsewhere), recognised by the Financial Services Board or has such authorisation ever been suspended or revoked by any such body, because of negligence, incompetence or mismanagement?	☐	☒
11	Do you have any additional information, which should be brought to the Registrar's attention, which may have an impact on the evaluation, by the Registrar of your good character and integrity?	☐	☒

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G.1. Qualifications

Please note that only qualifications listed on the List of Recognised Qualifications will be considered.

Institution that issued the qualification	Qualification code	Qualification	Year obtained
UNIVERSITY OF FREE STATE		CFP	2004

G.2. Regulatory Examinations

Regulatory Examination completed	Examination Code	Date obtained
RE 1		
RE 5		

H. Employment history

Provide a detailed CV of the experience of the sole proprietor or key individual. The CV must include sufficient detail to enable the Registrar to ascertain that the person comply with the required experience requirements.

Dates of Employment (dd/mm/yyyy - dd/mm/yyyy)	Employer	Position held	Details of responsibilities Provide detailed information on responsibilities
1/07/2008 -	ABSA	FINANCIAL ADVISOR	PROVISION OF FINANCIAL SERVICES AND MANAGEMENT

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I. Evidence of experience obtained in the management or oversight of the activities of a business.

I.1. Indicate the type and months of experience obtained.

Management / Oversight	Months experience
MANAGING OWN PORTFOLIO OF CLIENTS	+36

I.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience (s)he had obtained with specific reference to the management or oversight of a business or part thereof.

Names of persons providing reference	Company employed
SELF EMPLOYED	OPULENTUS WELATH MANAGEMENT

J. Evidence of experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

Note:

(i) A sole proprietor must demonstrate that (s)he has the relevant qualifications and experience relating to the category of financial services and subcategory of financial products in respect of which authorisation is sought.

(ii) An FSP must at all times ensure that at least one or more of the key individuals meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP who is a sole proprietor in respect of any one or more categories of financial services and subcategories of financial products in respect of which authorisation is sought.

J.1. Indicate experience obtained in the rendering of financial services in respect of the categories of financial services and the sub-categories of financial products.

			A. Months experience advice		B. Months experience intermediary service
1	**CATEGORY I**				
1.1	Long-term Insurance subcategory A	☐		☐	
1.2	Short-term Insurance Personal Lines	☐		☐	
1.3	Long-term Insurance subcategory B	☐		☐	
1.4	Long-term Insurance subcategory C	☐		☐	
1.5	Retail Pension Benefits	☐		☐	
1.6	Short-term Insurance Commercial Lines	☐		☐	
1.7	Pension Fund Benefits (excluding retail pension benefits)	☐		☐	
1.8	Securities and Instruments: Shares	☐		☐	
1.9	Securities and Instruments: Money market instruments	☐		☐	
1.10	Securities and Instruments: Debentures and securitised debt	☐		☐	
1.11	Securities and Instruments: Warrants,	☐		☐	

			A. Months experience advice		B. Months experience intermediary service
	certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 1.8, 1.9 and 1.10 above.				
1.12	Securities and Instruments: Bonds	☐		☐	
1.13	Securities and Instruments: Derivative instruments excluding warrants	☐		☐	
1.14	Participatory interests in Collective Investment Schemes	☐		☐	
1.15	Forex Investment Business	☐		☐	
1.16	Health Service Benefits	☐		☐	
1.17	Long-term deposits	☒	+38	☒	+38
1.18	Short-term deposits	☒	+38	☒	+38
1.19	Friendly Society Benefits	☐		☐	
1.20	Long-term Insurance: Category B2	☐		☐	

			Months experience
2	**CATEGORY II – DISCRETIONARY FSP**		
2.1	Long-term Insurance subcategory B	☐	
2.2	Long-term Insurance subcategory C	☐	
2.3	Retail Pension Benefits	☐	
2.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
2.5	Securities and Instruments: Shares	☐	
2.6	Securities and Instruments: Money market instruments	☐	
2.7	Securities and Instruments: Debentures and securitised debt	☐	
2.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory 2.5, 2.6 and 2.7 above.	☐	
2.9	Securities and Instruments: Bonds	☐	
2.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
2.11	Participatory interests in Collective Investment Schemes	☐	
2.12	Forex Investment Business	☐	
2.13	Long-term deposits	☐	
2.14	Short-term deposits	☐	
2A	**CATEGORY IIA – HEDGE FUND FSP**	☐	

			Months Experience
2A	**CATEGORY IIA – HEDGE FUND FSP**	☐	

			Months Experience
3	**CATEGORY III – ADMINISTRATIVE FSP**		
3.1	Long-term Insurance subcategory B	☐	
3.2	Long-term Insurance subcategory C	☐	
3.3	Retail Pension Benefits	☐	
3.4	Pension Fund Benefits (excluding retail pension benefits)	☐	
3.5	Securities and Instruments: Shares	☐	
3.6	Securities and Instruments: Money market instruments	☐	
3.7	Securities and Instruments: Debentures and securitised debt	☐	
3.8	Securities and Instruments: Warrants, certificates and other instruments acknowledging conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments referred to in subcategory	☐	

	3.5, 3.6 and 3.7 above		
3.9	Securities and Instruments: Bonds	☐	
3.10	Securities and Instruments: Derivative instruments excluding warrants	☐	
3.11	Participatory interests in Collective Investment Schemes	☐	
3.12	Forex Investment Business	☐	
3.13	Long-term deposits	☐	
3.14	Short-term deposits	☐	

			Months Experience
4	**CATEGORY IV – ASSITANCE BUSINES FSP**	☐	

J.2. References

At least one reference letter must be provided. The reference(s) must specifically refer to the key individual's and sole proprietor's employment history and experience he/she had obtained with specific reference to the category of financial services and subcategory of financial products in respect of which authorisation are sought.

Names of persons providing reference	Designation	Company employed
SELF EMPLOYED	**EXECUTIVE MANAGER**	**OPULENTUS WEALTH MANAGEMENT**

K. Operational ability

Are you able to maintain the operational ability to fulfil the responsibilities imposed on the licensee by the Act, including the management and oversight of representatives (where applicable) rendering financial services on behalf of the licensee?

YES ☒ **NO** ☐

L. Indicate whether the key individual will be rendering financial services as a representative?

YES ☒ **NO** ☐

If yes, FSP Form 5 must also be completed.

M. ***A certified copy of the key individual's identification document*** must accompany the application form.

I, NIKASHNI GAJOO (name of the sole proprietor / key individual) declare that the information provided in this form is correct.

....

Signature **Date**

COMMISSION OF INQUIRY INTO STATE CAPTURE

N. Indemnity form

I **NIKASHNI GAJOO** (full name of sole proprietor /key individual)

Identity / passport number: **770919 0005 081** hereby authorise the Financial Services Board, and its duly authorised verification agent, to request or confirm any personal information as well as any other information that I have provided in support of my application to any personal data holders (including but not limited to the South African Police Services, the Government of the RSA, industry bodies and associations, employers and any educational, training, credit bureau and fraud prevention organisations) for the purpose of verifying my personal credentials and records.

Credential verification types include, but are not limited to, educational qualifications, professional membership, employment history, and employment references including industry employment registers, consumer credit, criminal records, drivers' licence, and fraud prevention checks.

I authorise the personal data holders (including but not limited to the aforesaid institutions) to furnish information regarding my credentials, whether claimed or not, to the Financial Services Board and it's duly authorised verification agent. I unconditionally indemnify the Financial Services Board, its verification agent and the personal data holders against any liability that may result from furnishing information in this regard.

....

Signature Date

COMMISSION OF INQUIRY INTO STATE CAPTURE

B P

& Investments

BUSINESS PLAN

DANIEL MAHLANGU
Building 6, Tuscany Office Park,
5 Coombe Place,
Rivonia,
2121

Postnet Suite 436,
Private Bag x43,
Sunninghill,
2157

Telephone: +27 (0) 11 234 0625/0871
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Email: daniel@bnpcapital.co.za
Website: www.bnpcapital.co.za

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1.1 Business Description

BnP Capital is an independent advisory and investments company, which is 100% black owned and managed. The company was established by professionals with a track record in providing innovative financial and business solutions. BnP Capital has an investment arm which seeks to invest and unearth value in selected growth sectors. The company also plans to grow its investment portfolio by identifying attractive investment opportunities through its advisory services.

1.2 Services

BnP Capital offers advisory services which are built on a foundation of efficient and effective delivery of services and solutions. BnP Capital understands its clients' challenges and needs and offer value enhancing solutions. The company assists corporate clients and individual entrepreneurs to identify, analyse, structure, price, negotiate, market and effect transactions. Central to our business operations and critical to our existence are our abilities to put the client first in everything we do.

1.3 Sector Experience

BnP Capital is run by experienced and reputable senior management team with more than 100 years combined experience in financial services industry, especially in the areas of Corporate Finance, Private Equity, Asset Management, Analyst, Accountants, Project Management and Project Finance. Executive directors prior joining BnP Capital have been involved in various blue chips and Public Private Partnerships transactions spurning from private equity to project finance. These transactions involved negotiations with either the sellers or buyers, financial modelling to determine the value of these businesses, due diligence, funding and legal documentation.

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South Africa's financial services sector, backed by a sound regulatory and legal framework, is sophisticated, boasting dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

2.1 The banking system

The South African banking system is well developed and effectively regulated, comprising a central bank – the South African Reserve Bank – as well as a few large, financially strong banks and investment institutions, and a number of smaller banks.
Many foreign banks and investment institutions have operations in South Africa.
Investment and merchant banking remains the most competitive front in the industry, while the country's "big five" banks – Absa, FNB, Standard Bank, Nedbank and newcomer Capitec – dominate the retail market.
Read more: Banks and exchange in South Africa

2.2 Legislation and regulation

Legislation governing the financial sector is primarily the Banks Act 1990 and the Mutual Banks Act 1993, which serve the achievement of a sound, efficient banking system in the interest of the depositors of banks and the economy as a whole.
Download a copy of the Banks Act, 1990 [PDF]
An office headed by the Registrar of Banks, operating as part of the Reserve Bank, is responsible for registering institutions as banks or mutual banks as well as enforcing all the requirements of the Acts.

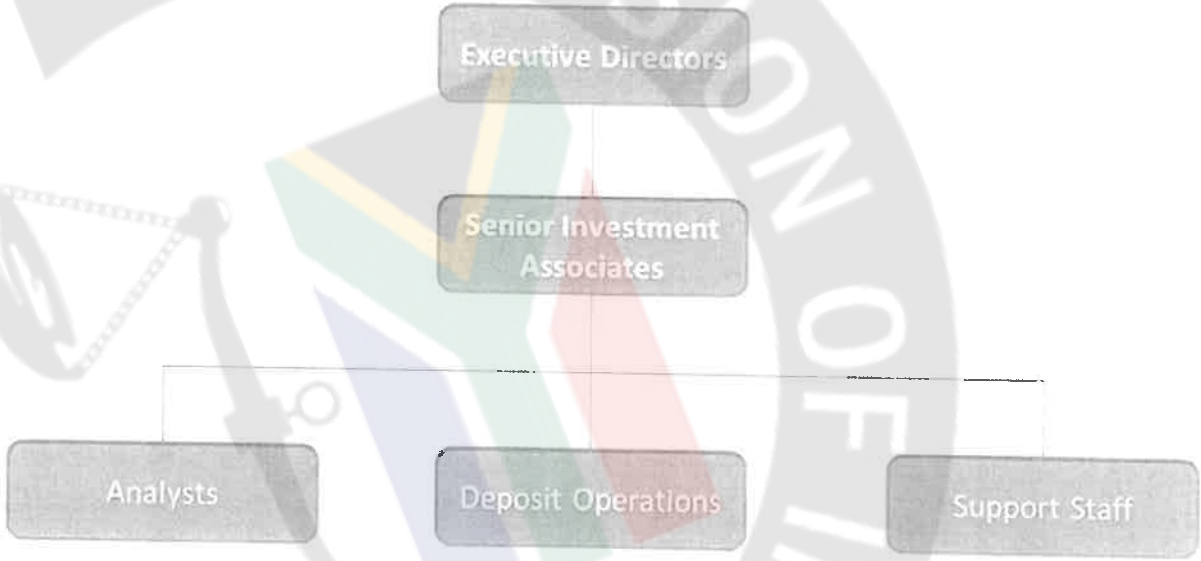
The non-banking sector is overseen by the Financial Services Board (FSB). An independent body, it is responsible for the regulation of financial markets and institutions, including insurers, fund managers and broking operations.

The National Credit Regulator is responsible for regulating the South African credit industry, including the registration of credit providers, credit bureaux and debt counsellors. It is responsible for enforcing compliance with the National Credit Act, and is focused on developing an accessible credit market to meet and promote the needs of people who are marginalised, especially economically.

The Banking Association of South Africa is an industry body representing all registered banks in South Africa. It is the mandated representative of the sector, and represents the industry through lobbying, engagement with stakeholders and political influence.
The Johannesburg Stock Exchange

The JSE Limited is the 17th largest exchange in the world by market capitalisation, which is at more than R6- trillion.With about 400 listed companies and 907 securities (JSE, November 2012), South Africa's exchange is Africa's largest and is bigger than Moscow's and Singapore's.World-class systems allow the JSE to offer leading technology, surveillance and settlement on a T+5 basis. In 2012, it was ranked as number one in the world for the third time in terms of securities regulation by the World Economic Forum.
The JSE is an essential cog in the functioning of South Africa's economy, and is the market of choice for local and international investors looking to gain exposure to the leading capital markets in the country as well as the broader African continent.
In October 2011, South Africa's JSE Top40 Index joined Brazil's Bovespa Index, Russia's Micex Index, the BSE India Sensitive Index, Hong Kong's Hang Seng Index, the Hang Seng China Enterprises Index to form the BRICS Exchanges Alliance. Trading began in March 2012.

SECTION 2: PERSONEL AND OPERATIONS



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Surname	Name	Years	Qualification	Abbreviated CV
Mahlangu BLACK MALE	Daniel	13 years	B.B Econ Science Honours Maths & maths of Finance Advanced Diploma in Company Law MBA (Dissertation)	Daniel has over a decade years' experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors. He is currently a Chief Executive Officer of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession. The summary of the transactions that he has been involved in is detailed below: ○ Roads Agency Limpopo PPP Feasibility Study (completed) ○ Bakwena Platinum Corridor Concession PPP (completed) ○ N3TC PPP (completed) ○ Masingita Properties PPP Feasibility (current) ○ King Edward Academic Hospital Feasibility (current) ○ Nelson Mandela Academic Hospital PPP Feasibility (current)

Surname	Name	Years	Qualification	Abbreviated CV
Mathebula BLACK MALE	Vonani	10 years	BCom (Accounting), HDIpACC Honours CA(SA)	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Banks, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects),Transnet, Vunani Limited and Sphere Holdings. Vonani has been part of the team responsible in the development of the financial model for Bus Rapid Transit for City of Johannesburg Phase 1B. Amongst other duties, he was responsible for the appraisal of the overall system costs, estimation of system

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				revenue, assisting with required input into the City budgeting for Public Transport Infrastructure and System fund, acting as the financial advisors and financial technical support team in terms of negotiations with potentially affected operators and providing advice on the financial and economic costs of implementing these phases through project finance or PPP models. He is currently responsible for the implementation of PPP as a Financial Advisor on the Principle Transaction Advisory Services Team for the King Edward VIII Academic Hospital in KwaZulu Natal and the Nelson Mandela Academic Hospital in Umtata, Eastern Cape on a PPP project. He is responsible for the need analysis, solutions analysis, financial modelling and economic valuation of the project. As a qualified Chartered Accountant, he has gain vast experience throughout his career. This amount others includes accounting, audits, financial modelling, feasibility studies, project finance, PPP and structuring.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Moyo BLACK MALE	Irvine	10 years	BCom (Hons) Economics	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His career has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He is area of expertise and experience include amongst other, project management, financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction. He is currently a Senior Investment Associate of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, City of Johannesburg, Metrobus, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Netha BLACK MALE	Thamsanqa	9 years	BCom (Hons) Economics Masters in	Thamsanqa has worked in the private equity and corporate and project finance over the last 8 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners.

CASS-1070

			Development Finance	Before joining BnP Capital he work at the Networx Investments, as an analyst . Networx is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.

CD5

CASS-1071

3.1 Proposed Downgrade

BnP Capital currently holds a Category II license and has held it since 2010. BnP management due to communication with the Financial Services Board has decided to downgrade to a Category I.

3.2 Sub-Category Revised Focus Areas

1.17 Long Term Deposits defined in the Banks Act - exceeding 12 months

1.18 Short Term Deposits defined in the Banks act - 12 months or less

3.3 Operations

The single objective is to position BnP Capital as a well-respected financial services and investment company serving two distinct market segments. The operational strategy will seek to first create customer awareness regarding the services offered, develop the customer base, and work toward building customer loyalty and referrals.

The message that BnP Capital seeks to communicate is that it offers a comprehensive financial and investment advisory service. This message will be communicated through several different methods. The first method is communication will be strategic networking. The networking will be a concerted, steady effort to leverage the personal and professional relationships that management has developed over the years. The second method will be with the use of advertisements.

Key Areas Areas:

- Financial Reporting
- Policies and Procedures
- Record Keeping
- Internal Controls
- Compliance
- Marketing and Products
- Human Resources
- IT Systems

3.4 Required Appointments

Deposit Operations Associate

The Deposit Ops Specialist role provides oversight and monitoring of the workflow of a group. This role performs advanced clerical operations tasks that are routine and/or

repetitive in nature in a fast paced environment. The position requires the application of various complex methods, procedures and knowledge of the business unit's product(s) and application(s). Provides a wide range of support to Deposit Operations Department. In particular, this position is responsible for monitoring and processing all items related to the Deposit Operations of BnP Capital.

4.1 Relationship Management

BnP seek to continue nurturing relationships with existing clients as it is to acquire new clients. In fact, it generally costs much more to acquire a new customer than it does to retain an existing client.

4.2 Positioning

BnP Capital competitive advantage is its comprehensive approach to research and services provided. BnP Capital will develop more value for her customers by investing time up front while researching different options for the client. BnP seeks to invest the time upfront in support of the clients by developing long-lasting relationships.

4.3 Marketing Mix

BnP Capital's marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

Pricing: The pricing scheme will be at a middle of the road price point.
Distribution: The offered services will be distributed from BnP Capital's office space.
Advertising and Promotion: Targeted networking, and advertising will be the methods used.
Customer Service: A customer-centric focus has been integrated into the culture of the organization. This will ensure that customer's expectations are exceeded.

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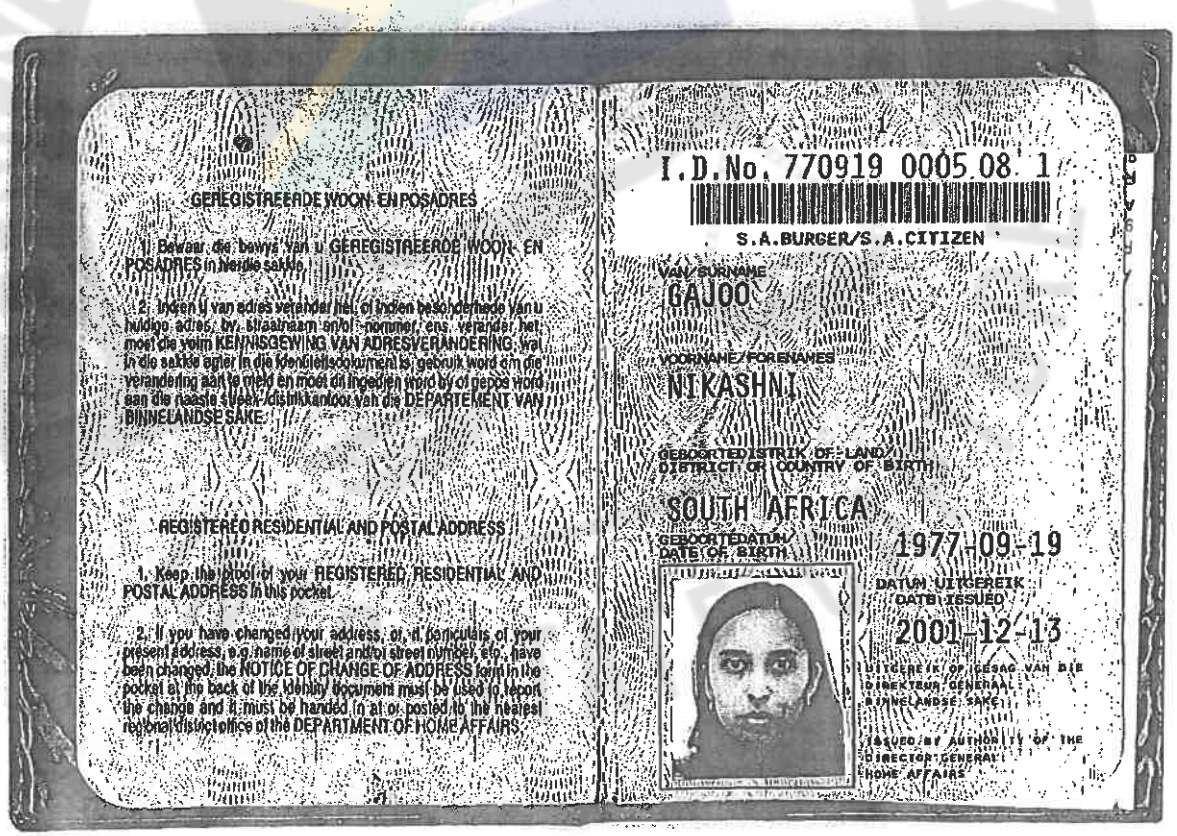
EK SERTIFISEER DAT HIERDIE DOKUMENT N WARE AFDRUK (AFSKRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

I CERTIFY THAT THIS DOCUMENT IS A TRUE REPRODUCTION (COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT

SIGNATURE/HANDTEKENING / DATE/DATUM

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

Gajoo Gajoo Gajoo



GEREGISTREERDE WOON- EN POSADRES

1. Bewaar die bewys van u GEREGISTREERDE WOON- EN POSADRES in hierdie sakkie.

2. Indien u van adres verander (nl. of indien besonderhede van u huidige adres, bv. straatnaam en/of -nommer, ens. verander), het moet die vorm KENNISGEWING VAN ADRESVERANDERING, wat in die sakkie agter in die identiteitsdokument is, gebruik word om die verandering aan te meld en moet dit ingevul word by of gepos word aan die naaste streek-distrikkantoor van die DEPARTEMENT VAN BINNELANDSE SAKE.

REGISTERED RESIDENTIAL AND POSTAL ADDRESS

1. Keep the proof of your REGISTERED RESIDENTIAL AND POSTAL ADDRESS in this pocket.

2. If you have changed your address, or, if particulars of your present address, e.g. name of street and/or street number, etc., have been changed, the NOTICE OF CHANGE OF ADDRESS form in the pocket at the back of the identity document must be used to record the change and it must be handed in at or posted to the nearest regional/district office of the DEPARTMENT OF HOME AFFAIRS.

I.D.No. 770919 0005 08 1

S.A.BURGER/S.A.CITIZEN

VAN/SURNAME
GAJOO

VOORNAME/FORENAMES
NIKASHNI

GEBOORTEDISTRIK OF LAND/ DISTRICT OR COUNTRY OF BIRTH
SOUTH AFRICA

GEBOORTEDATUM/ DATE OF BIRTH
1977-09-19

DATUM UITGEREIK/ DATE ISSUED
2001-12-13

UITGEREIK OP GESAG VAN DIE DIREKTEUR-GENERAAL: BINNELANDSE SAKE

ISSUED BY AUTHORITY OF THE DIRECTOR-GENERAL: HOME AFFAIRS

COMMISSION OF INQUIRY

South African Certification Council

Suid-Afrikaanse Sertifiseringsraad

SENIOR CERTIFICATE
SENIOR SERTIFIKAAT

Awarded to/Toegeken aan

NIRASHNI GAJOO

Date of Birth 1977-09-19 *Geboortedatum*

Subjects passed/Vakke geslaag

English : First Language / Engels : Eerste Taal	HG	C	60%-69%
Afrikaans : Second Language / Tweede Taal	HG	D	50%-59%
Mathematics / Wiskunde	HG	E	40%-49%
Biology / Biologie	HG	E	40%-49%
Physical Science / Natuur- en Skeikunde	HG	E	40%-49%
History / Geskiedenis	HG	E	40%-49%
Aggregate / Groottotaal		M	950-1199

****

****

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SIGNATURE/HANDTEKENING DATE/DATUM 9/10/2014

Sonja Sleyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

ENDORSEMENT
This candidate has complied with the minimum statutory matriculation requirements for admission to bachelor's degree study at a university in the Republic of South Africa.

ENDOSSEMENT
Hierdie kandidaat voldoen aan die minimum statutêre matrikulasie vereistes vir toelating tot baccalaureusgraadstudie aan 'n universiteit in die Republiek van Suid-Afrika.

With effect from DECEMBER/DESEMBER 1995 Met ingang van

Executive Officer F. Kolitz Uitvoerende Beampte

This certificate is issued without alteration or erasure of any kind. Hierdie sertifikaat word uitgereik sonder verandering of uitwissing van enige aard.

960 2680 5266 D

C1206636

UNIVERSITY
OF
JOHANNESBURG

The Council and the Senate of the
UNIVERSITY OF JOHANNESBURG
hereby certify that the

EXTRACURRICULAR HIGHER DIPLOMA

with field of study

Tax Law

(NQF 7 - Duration: two years)
with all its associated rights and privileges
in accordance with the Statute of the University
has been awarded to

NIKASHNI GAJOO

at a congregation of the University

Dean: Law

Registrar

03 MARCH 2008
Johannesburg
ID 7709190005081

EK SERTIFISEER DAT HIERDIE DOKUMENT N WARE AFDRUK (AFSKRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT - JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING B
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

COMMISSION OF INQUIRY
STATE CAPTURE

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

UNIVERSITEIT VAN DIE VRYSTAAT

UNIVERSITY OF THE FREE STATE

HIERMEE WORD VERKLAAR DAT DIE GRAAD THIS IS TO CERTIFY THAT THE DEGREE

EK SERTIFISEER DAT HIERDIE DOKUM N WARE AFDRUK (AFSKRIF) IS VAN DIE ORSPRONKLIK= DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELÊ IS, EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE, N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE
I CERTIFY THAT THIS DOCUMENT IS A TRUE REPRODUCTION (COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT
SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2014

Nagraadse Diploma in Finansiële Beplanning
Postgraduate Diploma in Financial Planning

TOEGEKEN IS AAN
HAS BEEN CONFERRED UPON

NIKASHNI GAJOO

NADAT AAN DIE STATUTE EN REGULASIES VAN DIE UNIVERSITEIT VOLDOEN IS, AS BEWYS DAARVAN PLAAS ONS ONS ONDERSKEIE HANDTEKENINGE EN DIE SEËL VAN DIE UNIVERSITEIT HIERONDER.

IN ACCORDANCE WITH THE STATUTES AND REGULATIONS OF THE UNIVERSITY, AS WITNESS OUR RESPECTIVE SIGNATURES AND THE SEAL OF THE UNIVERSITY BELOW.

VISEKANSELIER/VICE-CHANCELLOR

DEKAAN/DEAN

1904 - 2004

REGISTRATEUR/REGISTRAR

BLOEMFONTEIN
2004-05-31
2002138705

US

AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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S. Steyn — SIGNATURE/HANDTEKENING
9/10/2016 — DATE/DATUM

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD & CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE (011) 831-6460 FAX: (011) 831-6471

fpi

The Financial Planning Institute of South Africa

Certifies that

Nikashni Gajoo

Membership Number: 200400089

Having satisfied all requirements and having agreed to abide by The Financial Planning Institute of South Africa's Code of Conduct and practice standards is hereby licensed to use the

CFP

certification mark and the marks CFP and Certified Financial Planner with all rights and privileges pertaining thereto and subject to annual renewal and other rules and regulations of the institute as established and amended from time to time.

President

Executive Director

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Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
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CHRISTIAAN DE WET, STRUBENKOP, 1709
TEL OFFICE: (011) 831-6460

UNIVERSITY OF THE WITWATERSRAND
JOHANNESBURG

FACULTY OF COMMERCE, LAW & MANAGEMENT

GRADUATE SCHOOL OF BUSINESS ADMINISTRATION

MANAGEMENT ADVANCEMENT PROGRAMME

SERTIFISEER DAT HIERDIE DOKUMENT N WARE AFDRUK
(SKRIF) IS VAN DIE OORSPRONKLIKE DOKUMENT WAT
N MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER
VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N
WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE
DOKUMENT AANGEBRING IS NIE
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TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT
FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE
WAS NOT MADE TO THE ORIGINAL DOCUMENT
SIGNATURE/HANDTEKENING
11.04.2014
DATE/DATUM

This is to certify that

Nikashni Gajoo

attended and participated in the above Programme held during the period

14 April 2004 – 08 November 2004

and has achieved a satisfactory level of competence.
(details overleaf)

Director:

Dean: W. Duncan Reed

Date: 29 November 2004

INTO STATE CAPTURE

AAN MY VIR WAARNEMING VOORGELE IS EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2014

PRIVATE WEALTH MANAGEMENT - JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

University of Natal

We, the Vice-Chancellor, the Registrar,
and the Dean of the Faculty,
hereby certify
that

Nirashni Gajoo

has this day been admitted to
the degree of

Bachelor of Arts

Vice-Chancellor

Registrar

Dean

14 April 1999

COMMISSION OF INQUIRY INTO STATE CAPTURE

CD5

AS SPREEK IS VAN DIE GEMAGTIGDE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE
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SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

University of Natal

We, the Vice-Chancellor, the Registrar,
and the Dean of the Faculty,
hereby certify
that

Nirashni Gajoo

having satisfied all the requirements of the Senate
is hereby awarded the

Postgraduate Diploma in Finance, Banking and Investment Management

Vice-Chancellor

Registrar

Dean

5 April 2001

UV PROTECTED – TAMPER EVIDENT UV

COMMISSION OF INQUIRY INTO STATE CAPTURE

95

VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE
I CERTIFY THAT THIS DOCUMENT IS A TRUE REPRODUCTION (COPY) OF THE ORIGINAL DOCUMENT WHICH WAS HANDED TO ME FOR AUTHENTICATION. I FURTHER CERTIFY THAT, FROM MY OBSERVATIONS, AN AMENDMENT OR A CHANGE WAS NOT MADE TO THE ORIGINAL DOCUMENT
SIGNATURE/HANDTEKENING ..... DATE/DATUM 9/10/2009

PRIVATE WEALTH MANAGEMENT - JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

UNIVERSITY
OF
JOHANNESBURG

The Council and the Senate of the
UNIVERSITY OF JOHANNESBURG
hereby certify that the

EXTRACURRICULAR HIGHER DIPLOMA - LAW

with field of study

International Taxation

(NQF 7) (Duration: one year course)

with all its associated rights and privileges
in accordance with the Statute of the University
has been awarded to

NIKASHNI GAJOO

M O'Brien

Executive Dean: Law

Registrar

01 MARCH 2009
Johannesburg
ID 7709190005081

UNIVERSITY OF JOHANNESBURG
UNIVERSITEIT VAN JOHANNESBURG

159496

COMMISSION OF INQUIRY INTO STATE CAPTURE

FSB

MOONSTONE

Uncompromised
Independent

Regulatory Examination Certificate

152425

THIS SERVES TO CERTIFY THAT

Nikashni

Gajoo

has successfully completed the

First Level Regulatory Examination: FSPs (sole proprietors) and Key Individuals in Categories I, II, IIA, III and IV

examination at

Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221

on

04/08/2014

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 13/10/2014

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
GROUND FLOOR, CNR MILLENIUM BOULEVARD &
CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

COMMISSION OF INQUIRY INTO STATE CAPTURE

MOONSTONE

Uncompromised
Independent

Regulatory Examination Certificate

10762

THIS SERVES TO CERTIFY THAT

Nikashni

Gajoo

7709190005081

has successfully completed the

First Level Regulatory Examination: Representatives

examination at

Johannesburg-Sandton, Benmore Gardens Shopping Centre, 2nd Floor, Room 221

on

22/06/2011

EK SERTIFISEER DAT DIT 'N GETROUE REPRODUKSIE (AFSKRIF) IS VAN DIE ORIGINELE DOKUMENT WAT AAN MY VIR WAARNEMING VOORGELE IS. EK SERTIFISEER VERDER DAT, VOLGENS MY WAARNEMINGS DAAR NIE N WYSIGING OF VERANDERING OP DIE OORSPRONKLIKE DOKUMENT AANGEBRING IS NIE

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SIGNATURE/HANDTEKENING ..... DATE/DATUM 13/07/2011

Sonja Steyn
EX OFFICIO COMMISSIONER OF OATHS
AREA MANAGER
PRIVATE WEALTH MANAGEMENT – JOHANNESBURG
CLEARWATER OFFICE PARK, BUILDING 5
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CHRISTIAAN DE WET, STRUBENSVALLEY 1709
TEL OFFICE: (011) 831-6460 FAX: (011) 831-6471

COMMISSION OF INQUIRY STATE CAPTURE

305

Annexure "J"

COMMISSION OF INQUIRY INTO STATE CAPTURE

Andrea Coetzer

From: Sidwell Francis
Sent: Wednesday, September 7, 2016 12:20 PM
To: daniel@bnpcapital.co.za; 'Nikki'
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: FW: APPROVAL OF A KI
Attachments: Letter - FSB' (2).pdf; POP OF APPROVAL FEE FOR KI.pdf; Application 4 Nikki.pdf; Application 5 Nikki (3).pdf; FSP Business Plan.pdf; Qualifications.pdf

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

According to our knowledge, you requested a downgrade subsequent to your nominated key individual (Ms Nikashni Gajoo) not meeting the fit and proper requirements in respect of a category II licence. You have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and "investments"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for;
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and;
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
- What role will BnP Capital play after giving advice to its clients?
- Clarify your interpretation of "stated revised business focus".
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016.**

Kind regards,

Fax: (012) 422 2973
www.fsb.co.za

'maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

a positive attitude is as excellent

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso | Managing Executive | Nyamatsi Compliance Link

Unit 42 Rockyview Estate | Windsurf Street | Weltevreden Park | 1709

Tel: 083 264 4379 | 083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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For more information please visit http://www.is.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

605

Annexure "K"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Tuesday, September 13, 2016 4:51 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI
Attachments: FSP Business Plan.docx

Dear Sidwell,
Please find attached revised business plan as per your request below.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 13 September 2016 12:22 PM
To: Daniel Mahlangu
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

We acknowledge receipt of your email and shall await information as communicated below.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

a positive attitude be[illegible] excellence...

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

According to our knowledge, you requested a downgrade subsequent to your nominated key individual (Ms Nikashni Gajoo) not meeting the fit and proper requirements in respect of a category II licence. You have however stated that the licence has been downgraded due to communication with this Office. This may cause confusion as it gives an impression that the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

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- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and;
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
- What role will BnP Capital play after giving advice to its clients?
- Clarify your interpretation of "stated revised business focus".
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016.**

Kind regards,

SSS

<image005.jpg>

Tel: [illegible]
www.fsb.co.za

'To promote and maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image004.gif>

A positive attitude breeds excellence.

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

<image003.jpg>

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COMMISSION OF INQUIRY INTO STATE CAPTURE

C05

B P CAPITAL

BUSINESS PLAN

Building 6, Tuscany Office Park,
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Sunninghill,
2157

Telephone: +27 (0) 11 234 0625/0871
Fax : +27 (0) 86 588 9624
Email: daniel@bnpcapital.co.za
Website: www.bnpcapital.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

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COMMISSION OF INQUIRY INTO STATE CAPTURE

1.1 Business Description

BnP Capital is an independent financial services company, which is 100% black owned and managed. The company was established by professionals with a track record in providing innovative financial and business solutions. The company also plans to start and grow its investment portfolio by identifying attractive investment opportunities through its advisory services.

1.2 Services

BnP Capital offers services which are built on a foundation of efficient and effective delivery of services and solutions. BnP Capital understands its clients' challenges and needs and offer value enhancing solutions. The company assists corporate clients and individual entrepreneurs to identify, analyse, structure, price, negotiate, market and effect transactions. Central to our business operations and critical to our existence are our abilities to put the client first in everything we do.

1.3 Sector Experience

BnP Capital is run by experienced and reputable senior management team with more than 100 years combined experience in financial services industry, especially in the areas of specialise in placing client's funds on the best terms possible with institutions that wish to borrow money for short periods. Executive directors prior joining BnP Capital have been involved in various blue chips and Public Private Partnerships transactions spurning from private equity to project finance.

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2.1 Introduction

South Africa's financial services sector, backed by a sound regulatory and legal framework, is sophisticated, boasting dozens of domestic and foreign institutions providing a full range of services – commercial, retail and merchant banking, mortgage lending, insurance and investment.

The money market is the global financial market for short-term borrowing and lending. It provides short term liquid funding for the global financial system. In the money markets, participants borrow and lend for short periods of time, typically up to 13 months. Money market trades in short term financial instrument commonly called "paper". This contrasts with the capital market for longer-term funding, which is supplied by bonds and equity.

Having started in South Africa in 1995, money market funds are a relatively new development. And already the sector has attracted R240 billion; this figure amounts to just under a quarter of the unit trust industry and is a similar ratio to that in Europe and the USA.

2.2 The dynamics of monetary policy on the Money Market

Higher money market interest rates pose a significantly higher threat to the South African short and long term deposits environment than during previous phases of restrictive monetary policy.

Although most financial and economic commentators expected the Monetary Policy Committee (MPC) of the South African Reserve Bank to raise the repurchase (repo) rate at the end of January 2016, more divergent views exist on the timing of stricter monetary policy.

2.3 Regulatory Effects

It is important to note that ongoing regulatory developments regarding liquidity risk will result in deposit taking franchises placing greater emphasis on the deposit-taking franchises of their balance sheets going forward. Asset and liability mix efforts continue to include favouring shorter term rather than longer-term assets such as retail mortgages, as the introduction of the Net Stable Funding Ratio (Basel III's longer-term prudential ratio for liquidity risk) will require access to stable sources of funding that are difficult to attract for an emerging market economy like South Africa.

Focus on how the rules pertaining to prudential regulation develop and becomeimplemented into national regulations will be maintained by all of the major deposit taking franchisesin the coming periods, particularly as the rules evolve and broaden in scope. New rules pertaining to capital for interest rate risk in the banking book (IRBB) have also been proposed for the first time. These rules are expected to fundamentally impact deposit-taking franchises of the deposit taking franchises at a time when building their corporate banking franchises and retaining their transactional banking franchises have been areas of particular focus for the major deposit taking franchises.

2.4 Capital and Funding

The deposit taking institutions both short and long-term have traditionally reported healthy loan-to-deposit ratios (calculated as total deposits divided by total banking book assets), a trend which continued in the current period on the back of resilient deposit book growth.

The combined loan-to-deposit ratio came in at 96.2% at 2H15, marginally lower than the 96.6% reported at 1H15, but notably higher than the 95.9% reported at 2H14. The sustained resiliency in the loan-to-deposit ratio reflects the deposit taking franchises' focused efforts to grow their deposit-taking franchises – still a highly competitive market – through product, channel and business model innovation.

Growth in the major deposit franchises total deposits remained commendable at compared to, but a very strong against previous years. In particular, some deposit franchises with stronger franchises in markets outside South Africa commented on the fact that healthy growth in retail deposits was assisted by the significant rand depreciation seen over the current reporting period.

Managing liquidity risk within risk appetite and tolerance levels continues to represent an important strategic task for management, as a result of the first prudential liquidity ratio – the liquidity coverage ratio (LCR), which came into effect on 1 January 2015 – now being embedded as a prudential requirement in South Africa.

The LCR is currently being phased in over the Basel III implementation timeline to reach 100% by 2019, with the requirement for 2015 set at 60%. All of the major deposit franchises highlighted their focus on accumulating surplus liquidity buffers and growing their stock of high-quality liquid assets (HQLA) in anticipation of the required LCR increases over the coming periods.

While complying with the LCR has consumed a significant amount of management focus over the recent periods, the net stable funding ratio (NSFR), which was also introduced as part of the Basel III regulatory reform package, is expected to add tothe challenge associated with liquidity risk management for South African deposit taking institutions and, indeed, emerging market deposit taking franchises. The NSFR requires deposit taking franchises to ensure that longer dated assets are funded with longer-dated and more stable sources of funding – both of which are difficult to source to the extent required in emerging-market economies like South Africa. The relatively short-tenor funding structure of the South African economy, coupled with relatively longer-dated banking assets such as retail mortgages or corporate term loans, results in material contractual liquidity mismatches being prevalent in the local banking sector.

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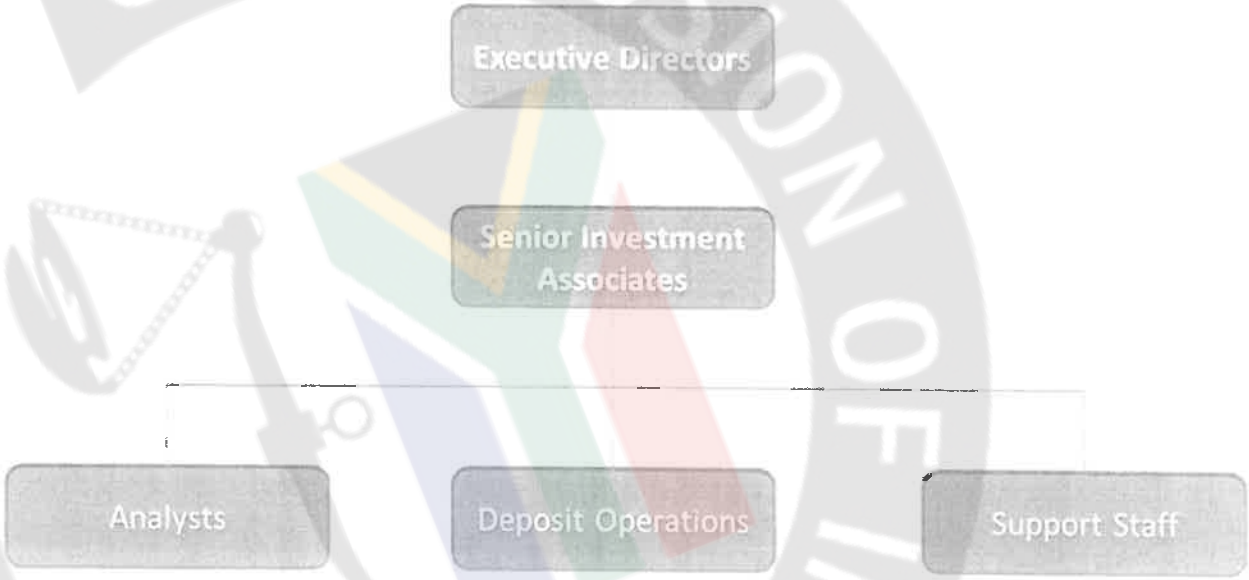
SECTION 2: PERSONEL AND OPERATIONS



COMMISSION OF INQUIRY INTO STATE CAPTURE

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Surname	Name	Years	Qualification	Abbreviated CV
Mahlangu BLACK MALE	Daniel	20 years	B.B Econ Science Honours Maths & maths of Finance Advanced Diploma in Company Law MBA (Dissertation)	Daniel has over a decade years' experience gained over various organizations which include Alexander Forbes, National Empowerment Fund and Public Investment Corporation. His career has primarily been focused on corporate finance, project finance, public private partnerships and private equity. He holds a bachelor of degree of business science and honours degree in maths and maths of finance from Witwatersrand University. He is a member of the Institute of Directors. He is area of expertise and experience include amongst other, project management financial analysis, financial modelling, structuring and valuation. He is experience span across the roads, construction, education, hospitals and energy sectors. He is currently a Chief Executive Officer of BnP Capital, which is a company whose primary business is corporate advisory and investments. The company has worked on various project finance and public private partnerships projects various institutions including amongst others the National Treasury, Roads Agency Limpopo, National Department of Health, Public Investment Corporation, Development Bank of Southern Africa, N3TC, Bakwena Platinum Corridor Concession. The summary of the transactions that he has been involved in is detailed below: o Roads Agency Limpopo PPP Feasibility Study (completed) o Bakwena Platinum Corridor Concession PPP (completed) o N3TC PPP (completed) o Masingita Properties PPP Feasibility (current) o King Edward Academic Hospital Feasibility (current) o Nelson Mandela Academic Hospital PPP Feasibility (current)
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Mathebula BLACK MALE	Vonani	14 years	BCom (Accounting), HDipACC Honours CA(SA)	Vonani obtained his post graduate qualification in accounting with the University of the Witwatersrand. He qualified as a Chartered Accountant after serving articles with Deloitte & Touché in the financial services environment. Since 2003 he has specialized in the external audit in the financial institutions sector being on the audits of major South African Financial Institutions with a particular focus on Deposit taking franchises, Pension Funds, Private Equity and Structured Finance. He was responsible for audits, structuring, financial analysis, financial modelling. Some of his clients which he serviced and gain experience were Nedbank Corporate Banking, Rand Merchant Bank (Special Projects),Transnet, Vunani Limited and Sphere Holdings. Vonani has been part of the team responsible in the development of the financial model for Bus Rapid Transit for City of Johannesburg Phase 1B. Amongst other duties he was responsible for the appraisal of the overall system costs, estimation of system

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				revenue, assisting with required input into the City budgeting for Public Transpor Infrastructure and System fund, acting as the financial advisors and financial technica support team in terms of negotiations with potentially affected operators and providing advice on the financial and economic costs of implementing these phase through project finance or PPP models.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Moyo BLACK MALE	Irvine	10 years	BCom (Hons) Economics	Irvine has a decade experience gained over various organizations which include BnP Capital, The Talitha Group, JM Capital Africa, Reserve Bank of Zimbabwe. His caree has primarily been focused on private equity, mergers and acquisition, corporate finance, project finance, and public private partnership. He is area of expertise and experience include amongst other, project management financial analysis, financial modelling, structuring and valuation. He is experience span across the financial institutions, real estate, energy infrastructure, roads, and construction.He is currently aInvestment Associate of BnP Capital.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Netha BLACK MALE	Thamsanqa	9 years	BCom (Hons) Economics Masters in Development Finance	Thamsanqa has worked in the private equity and corporate and project finance ove the last 8 years during which he worked on numerous transactions. His core competency is in evaluating and executing transactions through the securing of equity finance as well as senior and subordinated debt on behalf of the firm and its project partners. Before joining BnP Capital he work at the Networx Investments, as an analyst .Networx is Portuguese based private equity firm which is a subsidiary of Banco Espirito Santo focusing on energy transactions, prior to that he worked at the Development Bank of Southern Africa in the Investment Banking division where he was involved in multiple limited recourse and debt transactions. He holds an honours degree in Economics and a Masters degree in Development Finance from Stellenbosch Business School.
Surname	**Name**	**Years**	**Qualification**	**Abbreviated CV**
Ndlamla BLACK FEMALE	Sibulele	6 years	BCom (Hons) Accounting CA(SA)	Sibulele qualified as a chartered accountant after completing her articles at MTN. She them moved to RMB where she worked in the Global markets division. Her core competencies are in business risk management, corporate governance procurement, financial management, management accounting and credit risk analysis.

CD5

CASS-1103

COMMISSION OF INQUIRY
INTO STATE CAPTURE

3.1 Proposed Downgrade

BnP Capital has held a Category II license and has held it since 2010. BnP management due to communication with the Financial Services Board has decided to downgrade to a Category I.

3.2 Sub-Category Revised Focus Areas

1.17 Long Term Deposits defined in the Deposit taking franchises Act - exceeding 12 months

1.18 Short Term Deposits defined in the Deposit taking franchises act - 12 months or less

3.3 Operations

The single objective is to position BnP Capitalas a well-respected financial services. The operational strategy will seek to first create customer awareness regarding the services offered, develop the customer base, and work toward building customer loyalty and referrals.

The message that BnP Capital seeks to communicate is that it offers a comprehensive financial and investment advisory service. This message will be communicated through several different methods. The first method is communication will be strategic networking. The networking will be a concerted, steady effort to leverage the personal and professional relationships that management has developed over the years. The second method will be with the use of advertisements.

BnP Capital will provide advisory services to individuals. BnP Capital offers a number of savings solutions in which clients can save and each one is structured to meet a selection of client needs.

The deposit operations department will prepare required corrections/adjustments ensuring proper customer and department notification. The department will maintain departmental logs.Process exception items, including cheques drawn against uncollected funds, make sound decisions for disbursement of items based on prescribed parameters. The Department will reviews daily return item cash letters ensuring return regulations are followed to prevent losses reports unsatisfactory accounts or practices of concern to management and regulators. The department will also Research and resolve deposit and general ledger application imbalances and errors, making necessary adjustments,

balances cash recaps and perform overall cash reconcilement to general ledger on a daily basis. The department will processes incoming and outgoing transfers within compliance requirements, including all applicable rules and regulations. Maintain record-keeping and retrieve-ability requirements as requested.

Performs various other departmental duties such as: receipt, transmission and positive balance files, input verification, process optical storage system, verification of large dollar items, update and maintain the system, assist with inventory control, respond to research requests by retrieving records and re-producing them as needed, maintain departmental logs, assist with statement rendering or pick-up and delivery of departmental supplies, reports etc.

Demonstrate professionalism in appearance, punctuality, attitude, and grammar. Maintain a clean, organized work area.

Adhere to confidentiality policy, code of ethics and follow all policies and procedures relative to Consumer Compliance laws and regulations and best practice recommendations

3.4 Required Appointments

Deposit Operations Associate

Performs various administrative duties to ensure customer account information and management reports are accurate, and that proper controls are maintained. Provide efficient and effective assistance/support to bank customer base and banking center personnel.

The Deposit Ops Specialist role provides oversight and monitoring of the workflow of the company. The individual will perform advanced clerical operations tasks that are routine and/or repetitive in nature in a fast paced environment. In particular, this position is responsible for monitoring and processing all items related to the Deposit Operations of BnP Capital.

Deposit operations managers are responsible for overseeing and implementing deposit procedures. This position requires a strong background in banking and accounting and at least five years of experience in the field, and a bachelor's degree may also be a requirement. Deposit operations associatewill spend a great deal of time in the office and must be able to sit at a computer for long periods of time. Proficiency in Microsoft Office programs is necessary in this position, and they are also responsible for implementing depositing procedures in an ever-changing landscape.

This position requires experience in dealing with a wide range of personalities while leading everyone toward a common goal. They must also be able to review and

understand financial statements and be willing to implement new procedures to keep in line with budgeting and financial statements. They should be able to recognize problems immediately and make changes to maintain an efficient work environment, and some may be expected to work a varied and flexible schedule that matches the flow of business.

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4.1 Relationship Management

BnP seek to continue nurturing relationships with existing clients as it is to acquire new clients. In fact, it generally costs much more to acquire a new customer than it does to retain an existing client.

4.2 Positioning

BnP Capital competitive advantage is its comprehensive approach to research and services provided. BnP Capital will develop more value for her customers by investing time up front while researching different options for the client. BnP seeks to invest the time upfront in support of the clients by developing long-lasting relationships.

4.3 Marketing Mix

BnP Capital's marketing mix is comprised of the following approaches to pricing, distribution, advertising and promotion, and customer service.

Pricing: The pricing scheme will be at a middle of the road price point.
Distribution: The offered services will be distributed from BnP Capital's office space.
Advertising and Promotion: Targeted networking, and advertising will be the methods used.
Customer Service: A customer-centric focus has been integrated into the culture of the organization. This will ensure that customer's expectations are exceeded.

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "L"

Andrea Coetzer

From: Sidwell Francis
Sent: Friday, September 16, 2016 3:06 PM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter refers.

We have reviewed all the information you submitted, but we are still of the view that some issues still remain unresolved. In the interest of time, we wish to invite you for a meeting for us to engage you on those issues. Kindly indicate your availability for the meeting on Tuesday (20 September 2016) or Wednesday (21 September 2016).

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

maintain a sound financial investment environment in South Africa

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35665, Menlo Park, Pretoria, 0102, South Africa

A positive attitude breeds excellence.

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 15 September 2016 04:12 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Sidwell,
Please find attached a business plan incorporating responses to your questions.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 15 September 2016 02:16 PM
To: Daniel Mahlangu
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

The below matter refers

We acknowledge receipt of your submission and comment further as highlighted in green below. Please respond to the comments.

Further to the above, we have commented on the attached revised business plan. please respond to the comments.

Please note that, for purposes of expediting the process, you need to urgently respond as the due date for submission is still Friday, 16 September 2016.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2979
www.fsb.co.za

maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

a positive attitude breeds excellence

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

Regards

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

whereas it was the entity itself and its circumstances that led to such a downgrade. We note with concern that your revised business plan still states that the decision to downgrade your licence categories was as a result of your communication with this Office. Please refer to our previously communicated concern in this regard.

BnP Capital has decided to down grade its own licence due to the fact that it could not secure a key individual who is fit and proper for its CAT II licence. Kindly amend paragraph 3.1 of your attached business plan.
We did sent a letter motivating for the downgrade.

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and "**investments**"* entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for; We note that this has been removed (from the business plan).
  It was an error. We have proprietary investments housed in BnP Capital Investments Holdings Limited. The company also provides corporate finance and capital raising exercises which are incorrectly referred to as advisory. Is the entity mentioned here authorised to "house investments"? by which regulator? Furthermore, kindly assist with the organogram of the involved entities.
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and; we take note that this has been removed
  Please see the explanation above. Is this investment arm housed at BNP Capital?
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence. As stated above, this has been partially addressed.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services? We still await a response to this question. – Addressed above where is this addressed?kindly specify
- What role will BnP Capital play after giving advice to its clients? We still await a response to this question. – Addressed above Where?
- Clarify your interpretation of "stated revised business focus". We note that this has been removed. We meant BnP Capital will now focus its strategy to concentrate its financial services operations resources on entering or expanding in a narrow market or industry segment of short and long term deposits. Will BNP be taking deposits?
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan. we take note of the functions as outlined in the revised business plan.

Please note that, we are reviewing your business plan and we require you to respond to the above highlighted/outstanding areas in order to allow this Office to offer a broad response thereto. Please do keep in sight the timeframes as highlighted above. Your urgent reply is therefore required

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

CJS

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

<image004.gif>

a positive attitude breeds excellence..

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
  On behalf of deposit taking institutions ie Old Mutual and Sanlam
- What role will BnP Capital play after giving advice to its clients?
  Support the client after transaction on behalf of product supplier
- Clarify your interpretation of "stated revised business focus".
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.
  The deposit operations associate will prepare and administrate client interaction with product supplier. Responsible for overseeing and implementing deposit procedures.

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "M"

Andrea Coetzer

From: Sidwell Francis
Sent: Friday, September 23, 2016 8:47 AM
To: 'Daniel Mahlangu'; 'thami@bnpcapital.co.za'
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau; Manasse Malimabe | FSB; Caroline Da Silva
Subject: RE: BnP Capital

Dear Daniel,

We refer to yesterday's meeting.

We confirm that you undertook to amend your business plan once again, in line with the sub-categories of products which you applied for. As agreed, kindly submit the revised business plan by **no later than close of business on Monday, 26 September 2016.**

We trust that your submission will be in order as this will be your third business plan that you will be submitting for us to review. This matter should come to a close.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
(012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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Please consider the environment before printing this e-mail

a positive attitude breeds excellence

From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 21 September 2016 05:01 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau; Manasse Malimabe | FSB; Caroline Da Silva
Subject: Re: BnP Capital

Dear Sidwell,
I am sorry for the late reply. I was down with flu. I would like to confirm my attendance of the meeting tomorrow at 11am.

Regards
Daniel Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

CP5

Mobile number: + 27(0) 762 358 504

On 21 Sep 2016, at 3:25 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

The various emails hereunder have reference.

We have extended an invitation for a meeting to yourself and to date, we have not received a response. It would be in your best interest to avail yourself for this meeting in order to afford us an opportunity to engage you on your revised business plan in line with the downgrading of BnP Capital's FSP licence.

Kindly avail yourself for the aforesaid meeting at our offices **tomorrow, Thursday, 22 September 2016 at 11h00.** Should you fail to attend this meeting, we will proceed to refer the matter to our Compliance Department to proceed with the withdrawal of BnP Capital's licence.

Regards,

<image004.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
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<image006.gif>

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From: Sidwell Francis
Sent: 21 September 2016 11:26 AM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter has reference.

Please note that this Office has not yet received a response with regards to the meeting request. Kindly response urgently.

regards

<image005.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941

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<image006.gif>

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From: Sidwell Francis
Sent: 16 September 2016 03:06 PM
To: 'Daniel Mahlangu'
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Daniel,

The below matter refers.

We have reviewed all the information you submitted, but we are still of the view that some issues still remain unresolved. In the interest of time, we wish to invite you for a meeting for us to engage you on those issues. Kindly indicate your availability for the meeting on Tuesday (20 September 2016) or Wednesday (21 September 2016).

Kind regards,

<image004.jpg>Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
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<image006.gif>

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 15 September 2016 04:12 PM
To: Sidwell Francis
Cc: 'Nikki'; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: RE: APPROVAL OF A KI

Dear Sidwell,
Please find attached a business plan incorporating responses to your questions.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 15 September 2016 02:16 PM
To: Daniel Mahlangu

Subject: RE: APPROVAL OF A KI

Dear [illegible]

The below matter refers.

We acknowledge receipt of your submission and comment further as highlighted in green below. Please respond to the comments.

Further to the above, we have commented on the attached revised business plan. please respond to the comments.

Please note that, for purposes of expediting the process, you need to urgently respond as the due date for submission is still Friday, 16 September 2016.

Kind regards,

<image005.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel: (012) 422 2941
Fax: (012) 422 2973
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<image006.gif>

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From: Daniel Mahlangu [mailto:daniel@bnpcapital.co.za]
Sent: 12 September 2016 03:21 PM
To: Sidwell Francis
Cc: Nikki; Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Jabhile Mbele; Rialivhuwa Mudau
Subject: Re: APPROVAL OF A KI

Dear Sidwell,
I would like to acknowledge receipt of your email.
We are working on a revised business plan and would appreciate if we could be allowed to send it through tomorrow.

Regards

Dan Mahlangu
0762358504

On 07 Sep 2016, at 12:19 PM, Sidwell Francis <Sidwell.Francis@fsb.co.za> wrote:

Dear Daniel,

We acknowledge receipt of the above revised business plan and other attachments.

COMMISSION OF INQUIRY INTO STATE CAPTURE

the downgrade was done on the advise of this office, whereas it was the entity itself and its circumstances that led to such a downgrade. We note with concern that your revised business plan still states that the decision to downgrade your licence categories was as a result of your communication with this Office. Please refer to our previously communicated concern in this regard.

BnP Capital has decided to down grade its own licence due to the fact that it could not secure a Key Individual who is fit and proper for its CAT II licence. **Kindly amend paragraph 3.1 of your attached business plan.**

We did sent a letter motivating for the downgrade

After reviewing the attached documents (business plan & explanatory letter), we note that the business plan is not aligned to category I services only but it makes a lot of reference to the FSP's history which is misleading to the public.

This Office is not satisfied that the business plan is aligned to category I services only due to the following reasons:

- The cover page of your business plan indicates that BnP Capital is an *advisory and* ***"investments"*** entity. This may be misleading to the public with regards to the licence categories for which BnP Capital is authorised for; We note that this has been removed (from the business plan).

  It was an error. We have proprietary investments housed in BnP Capital Investments Holdings Limited. The company also provides corporate finance and capital raising services which are incorrectly referred to as advisory. **Is the entity mentioned here authorised to "house investments"? by which regulator? Furthermore, kindly assist with the organogram of the involved entities.**
- In paragraph 1.1, it is stated that BNP Capital *"has an investment arm which seeks to invest..."*and; we take note that this has been removed

  Please see the explanation above **Is this investment arm housed at BNP Capital?**
- Paragraph 3.1 states that BnP Capital holds a category II licence. This is a historical fact presented as though it is the present status of the licence. As stated above, this has been partially addressed.

Further to the above, you are requested to respond to the following:

- On behalf of which institution/s will BnP Capital give advice and render intermediary services? We still await a response to this question. – Addressed above where is this addressed?kindly specify
- What role will BnP Capital play after giving advice to its clients? We still await a response to this question. – Addressed above Where?
- Clarify your interpretation of "stated revised business focus". We note that this has been removed.

  We meant BnP Capital will now focus its strategy to concentrate its financial services operations resources on entering or expanding in a narrow market or industry segment of short and long term deposits. **Will BNP be taking deposits?**
- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan. we take note of the functions as outlined in the revised business plan.

Q5

urgent reply is therefore required."

After taking the above into account, you are requested to submit a business plan which is aligned to the relevant category of the licence as requested by yourself.

Kindly provide a response to this Office by no later than close of business **Monday, 12 September 2016**.

Kind regards,

<image005.jpg>**Sidwell Francis**
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
Tel. (012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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<image004.gif>

A positive attitude leaves excellence...

From: Shadrack Rikhotso [mailto:shadrackr@nyamatsi.co.za]
Sent: 01 September 2016 01:13 PM
To: FAISPFC
Cc: Rialivhuwa Mudau; 'Nikki'; daniel@bnpcapital.co.za
Subject: APPROVAL OF A KI

Dear Ms. Ria Mudau

Our telephone conversation today in the morning has reference.

Kindly find attached the self explanatory letter and the necessary forms for the approving the new key individual.

Kind regards

- On behalf of which institution/s will BnP Capital give advice and render intermediary services?
  On behalf of deposit taking institutions ie Old Mutual and Sanlam

- What role will BnP Capital play after giving advice to its clients?
  Support the client after transaction on behalf of product supplier

- Clarify your interpretation of "stated revised business focus".

- Elaborate what is meant by "deposit operations associate" as referred to in paragraph 3.3 and 3.4 of your business plan.

COMMISSION OF INQUIRY INTO STATE CAPTURE

C05

product supplier. Responsible for overseeing and implementing deposit procedures.

Hlayiseka Shadrack Rikhotso|Managing Executive|Nyamatsi Compliance Link

Unit 42 Rockyview Estate|Windsurf Street|Weltevreden Park|1709

Tel: 083 264 4379|083 498 3724
Fax: 086 554 8526
Email: shadrackr@nyamatsi.co.za

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<Letter - FSB' (2).pdf>

<POP OF APPROVAL FEE FOR KI.pdf>

<Application 4 Nikki.pdf>

<Application 5 Nikki (3).pdf>

<FSP Business Plan.pdf>

<Qualifications.pdf>

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COMMISSION OF INQUIRY INTO STATE CAPTURE

CJS

Andrea Coetzee

From: Sidwell Francis
Sent: Friday, September 23, 2016 12:06 PM
To: daniel@bnpcapital.co.za; thami@bnpcapital.co.za
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject: BnP Capital - News article
Attachments: SKMBT_42316092312460.pdf

Dear Daniel,

Kindly find attached a newspaper article for your attention.

Kindly comment on the nature of your business activities as quoted on the article. This materially contradicts what you explained to us yesterday.

We look forward to receiving your urgent response.

.ind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

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From: Sidwell Francis
Sent: 23 September 2016 04:47 PM
To: Sidwell Francis
Subject: Message from KMBT_423

Friday September 23 2016
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Licence row does not stop BNP in other deals

by Reitumetse Pitso September 23 2016, 05:43

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FINANCIER and advisory firm BNP Capital's (BNP's) licence suspension does not prohibit the company from offering other services that are not defined under the Financial Advisory and Intermediary Services (FAIS) Act, Caroline da Silva, deputy executive officer for FAIS at the Financial Services Board (FSB), said on Wednesday.

It is a key requirement that people who offer financial services advice must pass a regulatory exam. BNP Capital's licence was suspended after it was found that one of its advisers had not completed the exam. The adviser was not named.

The firm was appointed to help with advisory services and to restructure South African Airways' (SAA's) R15bn debt and to raise funding for the airline. It has been under attack for failing to disclose that its licence was suspended by the FSB when it got the SAA contract. The deal was first put on hold and later cancelled after the anomaly was discovered.

"If the business is rendering services on products not defined in FAIS — for example, lending or fund-raising or debt-restructuring, then the FAIS suspension will not impact on these as long as they do not involve any products as defined in FAIS," said Da Silva. "FAIS only issues licences to companies or persons if they are rendering advice or intermediary services in terms of a financial product and some of these services were the offering of securities and instruments, debentures and securitised debt, money markets, collective investments and insurance," she said.

Daniel Mahlangu, CEO of BNP Capital, said because the suspension related only to the private equity fund, it did not form part of the requirements of the transaction that it had with SAA.

"Our other areas of expertise are in corporate finance, asset management, project finance and accounting services," said Mahlangu. "We were given three months to rectify, meaning the particular individual should write the exams. Another option made available was that we should get a financial services provider with a similar CATII licence to work in partnership with us, on condition we have funds under management."

More in this section

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Licence row does not stop BNP in other deals
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Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Monday, September 26, 2016 2:56 PM
To: Sidwell Francis; thami@bnpcapital.co.za
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject: RE: BnP Capital - News article

Dear Sidwell,
You have been misquoted.
We did mention that our executive team has experience in other areas , e.g Asset management
But it came across as though BnP Capital offer services in other areas including asset management.
Regards
Daniel

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 23 September 2016 12:06 PM
To: daniel@bnpcapital.co.za; thami@bnpcapital.co.za
Cc: Nolwazi Mshunqane; Khosi Segole-Sibisi | FSB; Rialivhuwa Mudau
Subject: BnP Capital - News article

Dear Daniel,

Kindly find attached a newspaper article for your attention.

Kindly comment on the nature of your business activities as quoted on the article. This materially contradicts what you explained to us yesterday.

We look forward to receiving your urgent response.

Kind regards,

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From: Sidwell Francis
Sent: 23 September 2016 04:47 PM
To: Sidwell Francis
Subject: Message from KMBT_423

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CJS

Annexure "N"

N

Andrea Coetzer

From:	Sidwell Francis
Sent:	Friday, October 7, 2016 12:47 PM
To:	Nikki
Cc:	daniel@bnpcapital.co.za; Nolwazi Mshunqane; Jabhile Mbele
Subject:	BnP Capital - FSP 43315

Dear Nikki,

The below matter refers.

Please note that, following various correspondences with Mr Daniel Mahlangu (copied herein) and a subsequent meeting with Mr Mahlangu and Mr Netha, this Office would like to extend an invitation for a meeting with yourself in your capacity as the nominated key individual of the licensee.

Kindly confirm a date within which you will be available for such a meeting.

Kind regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
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Annexure "O"

Andrea Coetzer

From: Sidwell Francis
Sent: Thursday, October 13, 2016 2:39 PM
To: daniel@bnpcapital.co.za; Nikki
Cc: Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: BnP Capital (Pty) Ltd - FSP 43315
Attachments: BnP - Post-meeting letter DOC.pdf

Dear Daniel,

The below matter has reference.

Kindly find attached a letter for your attention.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
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Tel +27 12 428 8000 Fax +27 12 347 0221 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	(MR) SIDWELL FRANCIS	D. DIALLING NO.:	(012) 428 8000 or 422 2941
OUR REF.	26/10/43315	FAX:	(012) 422 2973
DATE:	13/10/2016	E-MAIL:	sidwell.francis@fsb.co.za

MR PD MAHLANGU
BNP CAPITAL (PTY) LTD
POSTNET SUITE X436
PRIVATE BAX 43 SUNNINGHILL
SANDTON
2157

By E-mail: daniel@bnpcapital.co.za

Dear Daniel,

APPLICATION FOR A PROFILE CHANGE IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT OF 2002

1. The meeting held at our offices yesterday, 12 October 2016, between yourself, Ms Nikashni Gajoo ("the nominated key individual") representing BnP Capital (Pty) Ltd ("the licensee"), and the Registrar together with 3 representatives from her office, has reference.

2. Below, we put on record the key issues that were discussed:

   2.1 The Registrar emphasised that the 3 business plans submitted to this Office were contradictory and confusing, a material fact that you conceded to;

   2.2 The Registrar requested the nominated key individual to narrate the nature of the activities that the licensee wishes to endeavor in, subsequent to the downgrade of its license to a category I in respect of short term and long term deposits;

   2.3 The nominated key individual explained that the licensee intends to give short/long term deposit advice and intermediary services to its existing client base through asset managers and assurers. She categorised this activity as short/long term

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Executive Officer: DP Tshidi

COMMISSION OF INQUIRY INTO STATE CAPTURE

deposits (subcategories 1.17 & 1.18).

2.4 The Registrar advised that such business is not in line with the definition of short/long term deposits in terms of the Banks Act. It was explained that for this product category, the product supplier can only be banks;

2.5 You acknowledged that your understanding of long/short term deposits was not in line with the definition as brought to your attention. It was then agreed that your intended business activities are in respect of collective investment schemes and money market instruments;

2.6 You further informed us that you are the licensee's sole director and shareholder. You were then informed that, as the sole natural person in the business, you are obliged to be the nominated key individual, in line with the definition of a key individual in terms of the FAIS Act. This therefore means that this Office will no longer consider the current nominated key individual's application and;

2.7 You currently do not meet the competency requirements in respect of regulatory examinations. You indicated that you are booked to write the relevant regulatory examination on 18 October 2016.

2.8 Furthermore, you explained that your current business activities involve debt funding and capital raising. You also confirmed that the license has been dormant from conducting FAIS related business from the date on which it was granted. The Registrar put it to you that the nature of your activities do not require that you be licensed as a financial services provider

3. In light of the above, the Registrar is of the view that the licensee's business activities fall outside the parameters of the FAIS act, and as such, the licensee does not need to be registered as a Financial Services Provider.

4. Kindly urgently confirm whether you will lapse the license. Should you not proceed with the lapse, the Registrar will proceed to withdraw the license you do not meet the competency requirement as indicated above.

5. Kindly respond to the above by no later than end of business tomorrow, 19 October 2016.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

Yours sincerely,

Sidwell Francis
pp REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

Annexure "P"

Andrea Coetzer

From: Daniel Mahlangu <daniel@bnpcapital.co.za>
Sent: Wednesday, October 19, 2016 3:23 PM
To: Sidwell Francis; 'Nikki'
Cc: Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: RE: BnP Capital (Pty) Ltd - FSP 43315
Attachments: Letter - FSB letter 19.10.16.pdf

Dear Sidwell,
Please find attached our response to your letter.
Regards

From: Sidwell Francis [mailto:Sidwell.Francis@fsb.co.za]
Sent: 13 October 2016 02:39 PM
To: daniel@bnpcapital.co.za; Nikki
Cc: Nolwazi Mshunqane; Jabhile Mbele; Rialivhuwa Mudau; Khosi Segole-Sibisi | FSB
Subject: BnP Capital (Pty) Ltd - FSP 43315

Dear Daniel,

The below matter has reference.

Kindly find attached a letter for your attention.

Regards,

Sidwell Francis
Specialist Analyst : FAIS Registration
Financial Services Board
E-mail: sidwell.francis@fsb.co.za
012) 422 2941
Fax: (012) 422 2973
www.fsb.co.za

'maintain a sound financial investment environment in South Africa'

Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, 0181, South Africa
P.O. Box 35655, Menlo Park, Pretoria, 0102, South Africa

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COMMISSION OF INQUIRY INTO STATE CAPTURE

BnP Capital
Summit House
15 School Rd, Morningside 2196
Postnet Suite 436 Private Bag x43 Sunninghill 2157
T +27 (0) 11 783 7156 F + 27 (0) 11 783 0972
E daniel@bnpcapital.co.za

Financial Services Board
Riverwalk Office Park
Block, 41 Matroosberg
Ashlea Gardens
Pretoria

Dear Sidwell,

Re: APPLICATION FOR A PROFILE CHANGE IN TERMS OF THE FINANCIAL ADVISORY AND INTERMEDIARY ACT OF 2002

1. The meeting held at your offices on 12 October 2016 did indeed clarify quite a lot of issues, especially, the misunderstanding between the business discussed in the business plan and the actual business.
2. I do agree with all the key issues raised in your letter dated 13 October 2016, except point 2.8 and 3.
3. I mentioned that our business is involved in corporate finance, capital raising and debt capital markets. Our business does get involved in FAIS related business but not to the extent we would like it to be. I did mention that we have been involved in debt capital markets and export credit agency funding with the local and intentional banks. The latter requires that all the parties involved be FAIS complaint given that some aspect of the exercise is FAIS related.
4. I do agree that our CATII licence has been dormant since the licence was awarded. I did mention that the reasons why the licence has been dormant. However, that does not mean the business does not need it going forward.
5. I have registered for the REs exams and would like to plead with the FSB to give me time till end of November 2016 to sufficiently prepare for them. Our business would be gravely prejudiced without the CATI licence given that the business was recently awarded a mandate for 5 years by the City of Johannesburg to raise capital on its behalf with other banks in the debt capital market space.

COMMISSION OF INQUIRY STATE CAPTURE

6. In the event that the FSB decides to proceed with point 4 mentioned in the letter, I would prefer to lapse the licence.

Yours Sincerely,

Director

Daniel Mahlangu

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "Q"

Andrea Coetzer

From: Rialivhuwa Mudau
Sent: Thursday, November 3, 2016 10:28 AM
To: daniel@bnpcapital.co.za
Subject: Withdrawal of license : FSP 43315
Attachments: SKMBT_42316110310140.pdf

Dear Sir / Madam

The above mentioned matter refers.

Attached herewith is the withdrawal letter for your attention.

Kind regards

Ms Rialivhuwa Mudau
Analyst
FAIS Compliance Dept.
Financial Services Board
E-mail: Rialivhuwa.Mudau@fsb.co.za
Tel: (012) 367 7165
Fax: (012) 422 2973
www.fsb.co.za

COMMISSION OF INQUIRY INTO STATE CAPTURE

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 6
Pretoria South Africa 0081 PO Box 35655 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 346 6941 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 website:www.fsb.co.za

ENQUIRIES:	Ms Rialivhuwa Mudau	D. DIALLING NO.:	(012) 367 7290 / 7165
OUR REF:	Case 602387 FSP 43315	FAX:	(012) 422 2973
DATE:	03 November 2016	E-MAIL:	Rialivhuwa.Mudau@fsb.co.za

PRIVATE AND CONFIDENTIAL

Mr P D Mahlangu
BnP Capital (Pty) Ltd
Private Box 43 Sunninghill
Sandton
2157

Per electronic mail: daniel@bnpcapital.co.za

Dear Sir / Madam

NOTICE OF WITHDRAWAL OF AUTHORISATION: BNP CAPITAL (PTY) LTD (FSP NUMBER: 43315) ("THE LICENSEE")

1. The notice of suspension of the licensee's authorisation dated 26 April 2016 refers.

Background

2. For the record, in terms of the abovementioned suspension letter you were afforded an opportunity to provide this office with your response before end of business day of 08 July 2016.

3. On 12 May 2016 you requested an extension until 29 July 2016 to write the outstanding regulatory examinations on 26 and 29 July 2016. The Registrar granted the extension until 12 August 2016 (Annexure A). According to the electronic records held by this office, you were unsuccessful on both the regulatory examinations.

Board Members: AM Sithole (Chairperson) H Wilton (Deputy Chairperson) Z Bassa JV Mogadime Prof PJ Sutherland FE Groepe D Turpin HMH Ratshefola D Msomi I Momoniat O Makhubela (Alternate)
Executive Officer: DP Tshidi

COMMISSION OF INQUIRY INTO STATE CAPTURE

writing regulatory examinations. On 11 August 2016 your exemption application was declined on grounds that the Registrar was not satisfied that reasonable grounds existed to warrant an exemption from the regulatory examination requirements. (Annexure B)

5. On 12 August 2016 you submitted a profile change request wherein you added a Mr Samuel Matimba (Mr Matimba) as the new key individual (Annexure C) for the licensee. On 17 August 2016 Mr Matimba requested that he be removed as the nominated key Individual (Annexure D). On 22 August 2016 you were granted an extension until 5 September 2016 to rectify the contraventions and apply for the appointment of a compliant key individual. (Annexure E)

6. On 01 September 2016 you submitted a profile change request for the removal of Category II license from the license profile and remain only with the Category I license. You also submitted a profile change request to add Ms Nikashni Gajoo (Ms Gajoo) as the licensee's new key individual (Annexure F).

7 After perusing your request, you were requested to submit a new Business Plan in respect of your Category I license activities. On 01 September 2016 you submitted a business plan which was rejected as it still referred to the Category II license (investments) activities and was not aligned to the downgrading of the Category I licensing conditions. On 07 September 2016 you were sent a letter wherein you were informed of the discrepancies noted from the submitted business plan. (Annexure G)

8. On 15 September 2016 you submitted a revised business plan which was also rejected as you failed to address the discrepancies and/or concerns raised. On 16 September 2016 you were invited to this office for a meeting to address and clarify the discrepancies and/or concerns raised in the letter of 07 September 2016.

9. On 22 September 2016, a meeting was held at our offices between you, Mr Thamsanqa Netha (representing the licensee) and representatives of this office. From the recorded conversation, the following were noted, that;

as she only arrived in South Africa the previous day (21September 2016);

- The activities of your business appeared not to fall within the definition of financial services as defined in the Financial Advisory and Intermediary Service Act 37 of 2002 (the Act);
- The business plan submitted did not provide a clear explanation of the nature of business the FSP was conducting and therefore not in line with the Category I license activities you wanted to downgrade to;
- You confirmed that since the approval of your license (08 November 2011, it has not been used (dormant) for what it was issued for and/or any financial services function;
- You confirmed that you needed the license for future purposes when performing your main business of debt capital markets and export credit agency funding with the local and intentional banks which requires all parties involved to be FAIS compliant given that some aspects of the exercise is FAIS related;
- You were then requested to provide this office with a revised business plan by no later than close of business day of 26 September 2016 and you were reminded that the suspension of your license will remain effective and extended until 03 October 2016.

10. On 26 September 2016, you submitted a revised business plan and after perusing the plan the Registrar invited you and Ms Gajoo for a meeting to discuss the business plan and your business activities.

11. On 12 October 2016 a meeting was held between yourself, Ms Gajoo and the Registrar together with 3 representatives of this office wherein the following were discussed;

    - The Registrar emphasised that the 3 business plans submitted to this office were contradictory and confusing;
    - Ms Gajoo was requested to explain the nature of business the licensee wishes to endeavour in, subsequent to the downgrading of its license to a category I license;

deposits (both the long term and short term deposits) to your existing client base through asset managers and assurers. She referred to subcategories 1.17 (long-term deposit) and 1.18 (short-term deposit) of Category I license.

- Based on the provided explanation the Registrar advised that such business is not in line with the definition of deposit in terms of the Banks Act. The Registrar further advised that deposits with asset management relate to collective investment schemes.
- You confirmed that your understanding of the short-term and long-term deposits was not in line with the definition as brought to your attention. It was then agreed that the licensee's intended business activities are in respect of collective investment schemes and money market instruments;
- You further informed this office that you are the licensee's sole director and only shareholder (this is not accordance with the records held by this office which reflect Mr Vonani Mathebula as a 30% shareholder). From your above submission you were then informed that as the only 100% shareholder of the licensee you must be the nominated key individual.
- Your attention is brought to Section 1 of the Act which defines a key individual as follows; ***'Key Individual'***, *in relation to an authorised financial services provider, or a representative, carrying on business as -(a)a corporate or unincorporated body, a trust or a partnership, means any natural person responsible for managing or overseeing, either alone or together with other so responsible persons, the activities of the body, trust or partnership relating to the rendering of any financial service; or (b)a corporate body or trust consisting of only one natural person as member, director, shareholder or trustee, means any such natural person.*
- Based on your submissions in the meeting, you were informed that the new key individual profile change request will no longer be effected as you as the only shareholder must be the licensee's key individual.
- The issue of you not meeting the competency requirements in respect of regulatory examinations was raised and in response you indicated that you were booked to write the relevant regulatory examination on 18 October 2016.

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a request

of your license until 30 November 2016. After considering all the facts before her, *inter alia*, the fact that you were absent from writing the examination on 18 October 2016 and have on numerous occasions been absent from the exams (our records reflect that you were registered 17 times to write Regulatory Examination 1 (RE 1) and only wrote 7 times and were unsuccessful and on 10 occasions you were absent from the exam. With regards to Regulatory Examination 3 (RE 3) you registered to write the exam 11 times and only sat for the exams 3 times and 8 times you were absent), your request is declined.

13. You are hereby notified of the decision of the Registrar of Financial Services Providers (Registrar) to withdraw its licence to act as a financial services provider in terms of section 9(1) read with section 9(2) of the Financial Advisory and Intermediary Services Act, No. 37 of 2002 (Act).

14. **GROUNDS OF WITHDRAWAL**

The grounds of the withdrawal are as follows:

- The licensee/KI does not meet or no longer meets the fit and proper requirements applicable to the licensee.

15. **REASONS FOR WITHDRAWAL**

The reasons that inform the grounds for the Registrar's decision to withdraw the licensee's authorisation are set out below.

The licensee and/or key individual of the licensee does not meet or no longer meets the fit and proper requirements

- In terms of section 8A of the Act read together with section 3 (5) of the Determination of Fit and Proper Requirements,2008, *an authorised financial services provider, key individual, representative of the provider and key individual of the representative must-(a) continue to comply with the fit and proper requirements , and an FSP must*

CD5

Registrar meet the same experience, qualifications and regulatory examination requirements as would apply to an FSP (who is a sole proprietor), in relation to any one or more Categories or subcategories the provider is authorised for, and in respect of which that key individual will manage or oversee the provider's activities.

- The Registrar's records reflect that you as the key individual of the licensee have failed to successfully complete the relevant regulatory examinations in contravention of section 10 of the Determination of Fit and Proper Requirements.

- You therefore do not meet or no longer meet the fit and proper requirements and in particular the requirement to have successfully completed the relevant regulatory examinations.

16. WITHDRAWAL OF LICENCE

The licensee's licence is hereby withdrawn with immediate effect based on the grounds and reasons detailed above.

16.1. Terms attached to the withdrawal

The following terms are attached to the withdrawal of the licensee's licence:

(a) The licensee must inform all affected clients and product suppliers concerned that its licence has been withdrawn.

(b) The licensee is prohibited from concluding any new business as envisaged by the Act.

(c) The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

17. RIGHT OF APPEAL

The Licensee may in terms of section 39 of the Act and section 26(2) of the Financial Services Board Act, 1990 (FSB Act), appeal against the decision of the Registrar. Such appeal must be lodged-

COMMISSION OF INQUIRY INTO STATE CAPTURE

(a) with the secretary of the Board of Appeal; and

(b) **within 30 days** after the decision of the Registrar to withdraw the licensee's licence becomes known to the licensee.

The procedure for lodging an appeal is set out on the website of the FSB at www.fsb.co.za. Any query relating to an appeal can be directed to leg.appealboard@fsb.co.za

Yours sincerely

CD DA SILVA
DEPUTY REGISTRAR OF FINANCIAL SERVICES PROVIDERS

COMMISSION OF INQUIRY INTO STATE CAPTURE

Annexure "R"

STATEMENT IN TERMS OF SECTION 212 OF THE CRIMINAL PROCEDURE ACT 51 OF 1977

I, the undersigned,

Andrea Jacqueline Coetzer

state under oath as follows:

1. I am in the employ of the Financial Sector Conduct Authority ("FSCA"), herein referred to as "the Authority", situated at Riverwalk Office, Block B, 41 Matroosberg Road, Ashlea Gardens, Extension 6, Pretoria, and my telephone number at this address is (012) 367 7202. The Financial Sector Regulation Act 9 of 2017 established the FSCA with effect 1 April 2018 to replace the Financial Services Board "FSB".

2. The information contained in this affidavit is to the best of my knowledge both true and correct and falls within my personal knowledge unless otherwise stated.

3. I am a Specialist Analyst in the Financial Advisory and Intermediary Services ("FAIS") Compliance Department. Due to the powers and duties that have been conferred upon me as a result of my position, I am entitled to depose of this affidavit. Part of my duties include the responsibility to carry out investigations relating to complaints received regarding contraventions of the FAIS Act, and handing such to the prosecuting authorities for further investigations.

COMMISSION OF INQUIRY INTO STATE CAPTURE

4. [illegible] terms of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017). FSCA aims to enhance and support the efficiency and integrity of financial markets and to protect financial customers by promoting their fair treatment by financial institutions.

The FAIS ACT

5. It is important to note from the outset that the FAIS Act only came into operation with effect of 30 September 2004.

6. Person is defined in section 1 of the FAIS Act as any natural person, partnership or trust and includes any organ of state as defined in section 239 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), any company incorporated or registered as such under any law and any body of persons corporate or unincorporated;

7. Financial Services Provider is defined in section 1 of the FAIS Act to mean any person, other than a representative, who as a regular feature of the business of such person furnishes advice or furnishes advice and renders any intermediary service or renders an intermediary service;

8. Financial service is defined in section 1 of the FAIS Act to mean any service contemplated in the definition of Financial Service Provider referred to *supra*, including any category of such services;

9. Intermediary service is defined in section 1 of the FAIS Act to mean any act other than the furnishing of advice, performed by a person for or on

COMMISSION OF INQUIRY INTO STATE CAPTURE

behalf of a client or product supplier, the result of which is that a client may enter into, offers to enter into or enters into any transaction in respect of a financial product with a product supplier or with a view to buying, selling or otherwise dealing in (whether on a discretionary or non-discretionary basis), managing, administering, keeping in safe custody, maintaining or servicing a financial product purchased by a client from a product supplier or in which the client has invested; collecting or accounting for premiums or other moneys payable by the client to a product supplier in respect of a financial product or receiving, submitting or processing the claims of a client against a product supplier;

10. Advice is defined in section 1 of the FAIS Act to mean any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to any client or group of clients in respect of the purchase of any financial product or in respect of the investment in any financial product or on the conclusion of any other transaction, including a loan or cession, aimed at the incurring of any liability or the acquisition of any right or benefit in respect of any financial product or on the variation of any term or condition applying to a financial product, on the replacement of any such product, or on the termination of any purchase of or investment in any such product; and irrespective of whether or not such advice is furnished in the course of or incidental to financial planning in connection with the affairs of the client or results in any such purchase, investment, transaction, variation, replacement or termination, as the case may be, being effected;

11. Financial Product is defined in section 1 of the FAIS Act to mean:

    11.1. securities and instruments, including shares in a company other than a "share block company" as defined in the Share Blocks Control Act, 1980 (Act No. 59 of 1980); debentures and securitised debt; any money-market instrument; any warrant,

certificate, and other instrument acknowledging, conferring or creating rights to subscribe to, acquire, dispose of, or convert securities and instruments herein and any "securities" as defined in section 1 of the Securities Services Act, 2002;

11.2. a participatory interest in one or more collective investment schemes;

11.3. a long-term or a short-term insurance contract or policy, referred to in the Long-term Insurance Act, 1998 (Act No. 52 of 1998), and the Short-term Insurance Act, 1998 (Act No. 53 of 1998), respectively;

11.4. a benefit provided by a pension fund organisation as defined in section 1 (1) of the Pension Funds Act, 1956 (Act No. 24 of 1956), to the members of the organisation by virtue of membership or a friendly society referred to in the Friendly Societies Act, 1956 (Act No. 25 of 1956), to the members of the society by virtue of membership;

11.5. a foreign currency denominated investment instrument, including a foreign currency deposit;

11.6. a deposit as defined in section 1 (1) of the Banks Act, 1990 (Act No. 94 of 1990);

11.7. a health service benefit provided by a medical scheme as defined in section 1 (1) of the Medical Schemes Act, 1998 (Act No. 131 of 1998);

11.8. any other product similar in nature to any financial product referred to *supra*;

11.9. any combined product containing one or more of the financial products referred to *supra*;

11.10. any financial product issued by any foreign product supplier and marketed in the Republic and which in nature and character is

essentially similar or corresponding to a financial products referred to *supra*;

12. Section 8 of the FAIS Act deals with the requirements of fit and proper which are also detailed in Board Notice 91 of 2003.

13. I was requested by Brigadier S E Lebakeng, the Section Head for Serious Corruption Offences of the Directorate for Priority Crime Investigation Silverton, to provide them with information regarding the FSP license that had been issued to **BNP Capital (Pty) Ltd** including the conditions attached to the license; the suspension of the license; the consequences attached to the suspension of the license and the notification to the FSP of the suspension of this license.

14. As a result of my position, I have access to all documentation pertaining to licence applications in terms of the FAIS Act as well as licences granted and I confirm that:

14.1. **BNP Capital (Pty) Ltd** was an authorised Financial Services Provider under FSP number 43315. The license application of BNP Capital (Pty) Ltd was approved on 8 November 2011. Attached hereto as Annexure "**A**" is a copy of the license issued to FSP 43315, including the conditions attached to such license. **BNP Capital (Pty) Ltd** is NOT currently an authorised FSP as their license was withdrawn on 3 November 2016.

14.2. **BNP Capital (Pty) Ltd** was issued a Notice of Intention to Suspend Authorisation, dated 18 March 2016 and emailed to the licensee on 23 March 2016, for a contravention of section 10 of the Determination of Fit and Proper Requirements for Financial Service Providers, 2008, in that the key individual Mr Pholisani Daniel Mahlangu (identity number 730115 5649 85) failed to successfully compete the first level regulatory examination. Attached hereto as Annexure "**B**" is a copy of the email to the licensee and the Notice of Intention to Suspend Authorisation.

COMMISSION OF INQUIRY INTO STATE CAPTURE

14.3. **BNP Capital (Pty) Ltd** was issued a Notice of Suspension of Authorisation, dated 26 April 2016 and emailed to the licensee on 12 May 2016, for the same contravention set out in point 14.2 above. Attached hereto as Annexure "**C**" is a copy of the email to the licensee and the Notice of Suspension of Authorisation.

14.4. Paragraph 6 of the Notice of Suspension of Authorisation sets out the terms attached to the Suspension of the license. In particular, the general terms attached to the Suspension of the license are as follows:

14.4.1 The licensee's authorisation is suspended for three months from the date of the notice.

14.4.2 The suspension may be lifted at any time during the period referred to in paragraph 14.4.1 if the licensee complies with all the terms attached to the suspension.

14.4.3 The Registrar, at expiry of the period referred to in paragraph 14.4.1, will proceed with the withdrawal of the licensee's authorisation where the licensee had failed to comply with all the terms attached to the suspension.

14.4.4 The licensee must inform all affected clients and product suppliers concerned that its licence has been suspended.

14.4.5 The licensee is prohibited from concluding any new business as envisaged by the Act with immediate effect.

14.4.6 The licensee must in consultation with the clients and product suppliers concerned, take reasonable steps to ensure that any outstanding business is transferred to another authorised FSP in the best interest of the clients.

COMMISSION OF INQUIRY INTO STATE CAPTURE

14.5. **BNP Capital (Pty) Ltd** was issued a Notice of Withdrawal of Authorisation, dated 3 November 2016 and emailed to the licensee on the same date, for the same contravention set out in point 14.2 above. Attached hereto as Annexure "**D**" is a copy of the email to the licensee and the Notice of Withdrawal of Authorisation.

15. I know and understand the contents of this affidavit. I have no objection in taking the prescribed oath and consider it to be binding on my conscience.

SIGNED AT **PRETORIA** on the..... DAY OF ..... **2018.**

_____

Andrea Jacqueline Coetzer

I certify that the deponent has acknowledged that he knows and understands the contents of this affidavit, which was sworn to before me, and the deponent's signature was placed thereon in my presence on this the..... day of .....**2018.**

_____

COMMISSIONER OF OATHS

FULL NAMES: _____

RANK: _____

ADDRESS: _____

_____

COMMISSION OF INQUIRY INTO STATE CAPTURE