

**THE CONSTITUTION OF THE SOUTH AFRICAN
INSTITUTE OF STOCKBROKERS**

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1. **NAME**

The name of the association is The South African Institute of Stockbrokers, (hereafter referred to as "the Institute"). The shortened form of the name of the Association is SAIS.

2. **DEFINITIONS**

2.1 In this Constitution:

2.1.1 By-Laws - means the by-laws of the Institute in force from time to time under this Constitution.

2.1.2 Code of Conduct – means the code of conduct of the Institute as amended from time to time.

2.1.3 The Constitution - means this Constitution.

2.1.4 The Council - means the council of the Institute as referred to in clause 17.1.

2.1.5 Exchange – means an exchange as defined in terms of the Financial Markets Act, Act 19 of 2012, as amended, or any legislation replacing the Financial Markets Act.

2.1.6 The Financial Markets Industry or Financial Markets- means any regulated person or entity as defined in the Financial Markets Act, Act 19 of 2012 as amended, all exchanges, members of such exchanges, central securities depositories, trade repositories, clearing houses, participants, authorised users, clearing members and all other corporate entities involved in the development, marketing, trading and administration of financial markets products, including collective investments, and financial market security services as determined by the Financial Services Board or any other competent regulatory authority from time to time.

2.1.7 The Institute - means the South African Institute of Stockbrokers.

- 2.1.8 Member - means any person (natural or juristic) admitted as a member of the Institute in any one or more of the membership categories as defined in the Constitution and/or Bylaws of the Institute.
- 2.1.9 Member in good standing – means a member of the Institute who has complied with all obligations imposed on him by virtue of the Constitution, Bylaws and Code of Conduct of the Institute from time to time, and who does not have an adverse finding entered against his name by the Investigation and Disciplinary Committees of the Institute whereby his privileges as member of the Institute has been suspended.
- 2.1.10 Financial Markets Professionals - means Stockbrokers and all other categories of individual members who satisfy the requirements set by the Council in this regard from time to time.
- 2.1.11 Stockbroker – means a person who complies with the requirements set by the Institute from time to time for this membership category and/or designation and who is a member in good standing of the Institute.
- 2.2 Unless inconsistent with the context, reference to any particular gender shall include the other genders, words signifying the singular number include the plural and a natural person shall include a juristic person (whether a corporate or unincorporated created entity) and *vice versa*.
- 2.3 Headings are for ease of reference only and shall not be used in the interpretation of the whole or any part of this Constitution.
- 2.4 The Constitution should be read together with the by-laws and code of conduct of the Institute and, should there be any conflict, the provisions of the Constitution shall prevail.

3. **LEGAL PERSONALITY**

- 3.1 The Institute is a body corporate with perpetual succession that shall subsist notwithstanding change in membership.
- 3.2 The Institute shall be capable of suing and being sued in its own name and performing such acts as are necessary for or incidental to the achievements of its objects and the exercise of its powers or the performance of its functions and duties under this Constitution.
- 3.3 The Institute shall be capable of acquiring and holding property, whether moveable or immovable, corporeal or incorporeal, distinct from its members and in its own name.
- 3.4 No member shall directly or indirectly have any personal or private interest in the Institute.

4. **OBJECTIVES**

The objectives of the Institute are to:

4.1 Transformation:

- 4.1.1 Participate in the creation and revision of empowerment charters and transformation programmes applicable to the Financial Markets Industry and professions.
- 4.1.2 Set, participate in and promote initiatives in support of the objectives set forth in the Broad Based Economic Empowerment Act, act 53 of 2003, as amended, and to facilitate access to the Financial Markets Industry and enterprise for previously disadvantaged individuals.
- 4.1.3 Set, participate in and promote initiatives to improve the quality of professionals within the Financial Markets Industry.

4.1.4 Develop and promote professional qualifications and designations that are portable within the Financial Markets Industry and that support and comply with industry standards.

4.1.5 Give recognition to firms for transformation and contribution to BBBEE or transformation.

4.2 Members:

4.2.1 Provide a tiered recognition, certification and membership body for persons and organisations engaged in/with Financial Markets at various levels, whether in academia or in the public, corporate or private sectors.

4.2.2 Provide members with a network through which they are able to share knowledge, skill and experience with one another, the general public and government and regulatory authorities, both nationally and internationally.

4.2.3 Provide members with a professional identity and to afford designations and/or certification(s) to qualifying members.

4.2.4 Promote the common interests of members.

4.2.5 Preserve the professional independence of members of the stockbroking and other financial markets professions.

4.2.6 Set, promote and enforce appropriate standards of competence among members of the Institute and measures to retain such standards of competence.

4.2.7 Determine or prescribe the syllabuses in respect of examinations to be undertaken by persons wishing to become members of the Institute, to prescribe or conduct or make arrangements for the conduct of such examinations, and to determine the fees which will be payable to the Institute by such persons as the Institute may determine in respect of such syllabuses and examinations.

4.2.8 Provide continuous professional development for members of the Institute and members of other professions and to charge reasonable fees to persons attending such events.

4.2.9 Encourage and maintain high ethical and professional standards amongst members and stakeholders within the Financial Services Industry in general so as to protect the public.

4.2.10 Insist upon adherence to the Code of Conduct of the Institute on the part of members of the Institute and to preserve and maintain the integrity and status of the financial markets professions, and for this purpose to:

4.2.10.1 Take such steps which may be thought necessary to prevent dishonourable conduct and practices by members;

4.2.10.2 Hold enquiries into the conduct of members; and

4.2.10.3 Take disciplinary action against members and impose such penalties as may be appropriate, including the termination of their membership and their expulsion from the Institute.

4.2.11 Publish from time to time a list of members of the Institute.

4.3 Education:

4.3.1 Encourage study within the fields of expertise relating to the Financial Markets Industry in general, including, but not necessarily limited to, developing and providing career information and guidance, occupational qualifications, learnerships, bursaries, grants, placement opportunities for learners and partnerships with member firms, universities and other academic and research institutions, in delivering such programs and interventions.

- 4.3.2 Co-operate with and, if necessary, assist financially by way of grants or otherwise, those universities, societies and associations which provide education and training for persons wishing to qualify as Financial Market Professionals.
- 4.3.3 Proactively participate and comply with the national educational and developmental agenda set by government from time-to-time.
- 4.3.4 Set standards for education and training and provide accreditation to institutions and organisations offering education and training relevant to the Financial Markets Industry.

4.4 Financial Markets Industry Reform:

- 4.4.1 Participate in the creation and revision of programmes in support of transformation in the Financial Markets with a specific bias towards skills development and enterprise development.
- 4.4.2 Advocate stable, competitive and sustainable Financial Markets that support economic growth while ensuring the mitigation of risks.
- 4.4.3 Provide the public, its members, government and regulatory authorities with access to meetings, conferences, forums, seminars and lectures with the purpose of providing a public forum for the consideration and discussion of matters relating to the Financial Markets Industry and professions.
- 4.4.4 Conduct and encourage research into the reform of any legislation and policy development within the Financial Markets Industry, with due cognisance of the national developmental agenda of the Republic of South Africa set from time-to-time by government, through appropriate independent research, whether through the Institute's secretariat or in partnership with approved recognised independent research institutions.

4.5 National Agenda and Legislation:

- 4.5.1 Contribute to the development of the South African economy by enhancing the ability of members to perform effectively and efficiently in the workplace.
- 4.5.2 Influence the development of national and international policy to ensure that members are free to pursue their careers and practices to the fullest extent possible.
- 4.5.3 Consider and pass comment on actual or draft legislation, policies, rules, directives or practices in the Republic of South Africa or elsewhere affecting the Financial Markets Industry or professions or apply for, petition for or promote any Act of Parliament or other legislative enactment desirable for the betterment or enhancement of the Financial Markets Industry or professions.
- 4.5.4 Represent members in submissions to Government, Parliament, regulatory authorities and other institutions.
- 4.5.5 Support and advance public authorities' administering, implementing, applying and enforcing legislation within the Financial Markets Industry.
- 4.5.6 Seek accreditation as a professional controlling body for persons or entities within the Financial Markets Industry as dictated by legislation from time to time.

4.6 Public education:

- 4.6.1 Advance the public's knowledge and understanding of the Financial Markets Industry both nationally and internationally, whether independently or in association with other organisations.

4.7 Dissemination of information:

4.7.1 Publish independent technical peer reviewed papers, periodicals, journals, bulletins, newsletters and proceedings of meetings, conferences, summits, seminars and lectures for the spreading of information among members and the general public with respect to matters relating to the Financial Markets Industry and professions.

4.7.2 Disseminate information concerning the work of the Institute, global sister institutes, its members, and government and regulatory authorities.

4.8 National and international collaboration:

4.8.1 Provide insight into, and advocate the implementation of global best practices and standards within the Financial Markets Industry.

4.8.2 Apply for membership of and to co-operate with national and international bodies representing the interests of the Financial Markets Industry and professions.

4.8.3 Promote the export of financial services from the Republic of South Africa to regional and global markets.

4.8.4 Assist and collaborate with representative bodies of professional institutes and associations outside the Republic of South Africa in regard to the Financial Markets Industry and professions.

4.9 Dispute resolution:

4.9.1 Provide for the amicable settlement or adjustment of professional disputes which relate directly or indirectly to the financial markets professions.

4.10 General:

- 4.10.1 Determine and collect joining and annual membership fees.
- 4.10.2 Purchase, take on, lease, exchange, hire or in any other way acquire any real or personal property or options for acquiring the same in any part of the world considered necessary for the use of members and others or for any purposes of the Institute and to sell, lease, mortgage by any means, exchange, partition or otherwise deal with in any way any real or personal property, rights or assets of the Institute; and to construct, alter and maintain in any part of the world any buildings considered necessary for the use of members and others or for any purposes of the Institute and to provide the same with all property and necessary fixtures, fittings, furniture and other equipment.
- 4.10.3 Accept any gift, endowment or bequest to the Institute.
- 4.10.4 Accept and take by way of gift and absorb upon any terms the undertaking and assets of any society or body, whether incorporated or not, having objectives similar to those of the Institute and to undertake all or such as may be agreed of the liabilities and engagements of any such other society or body but so that the exercise of the powers conferred by this paragraph shall be subject always to the approval in member's meeting by ordinary resolution.
- 4.10.5 Establish and administer or participate in the establishment and administration of any organisation, whether incorporated or not and whether subsidiary to the Institute or not, where in the opinion of the Council the interests of the Financial Markets Industry or stockbroking profession may be most advantageously served through the medium of such an organisation.
- 4.10.6 Undertake, execute and perform any trusts or conditions affecting any real or personal property of any description acquired by the Institute.

- 4.10.7 Issue certificates of membership to members of the Institute and provide for the use of designations by such members.
- 4.10.8 Encourage the study of such subjects by providing scholarships, bursaries, prizes and donations on such terms and conditions as may be deemed fit, by making grants to universities and other educational institutions, by facilitating courses, classes, lectures and other tuition for members and others or by making grants for the provision of the same or for research or by such other means as may be deemed appropriate.
- 4.10.9 Provide such services, including technical and advisory services, as may promote and further the interest and efficiency of members.
- 4.10.10 Form local branches and committees or appoint local representatives in any part of the world with such powers and subject to such conditions as the Council may from time to time determine and to make such grants and contributions (if any) to the same as the Council shall deem fit.
- 4.10.11 Procure the registration or recognition of the Institute in any overseas country or place and to exercise any of its objectives or powers in any part of the world.
- 4.10.12 Make and carry out any arrangement for joint working or co-operation with any other society or body, whether incorporated or not, carrying out work similar or complimentary to any work carried out by the Institute.
- 4.10.13 Borrow or raise money on such terms and on such security as may be deemed fit for any of the purposes of the Institute.
- 4.10.14 Establish, administer and contribute to any charitable purpose which in the opinion of the Council may tend to promote any of the objectives of the Institute or which has objectives similar to those of the Institute and to establish and support or aid in the establishment and support of companies, institutions, funds, trusts

and schemes for such purposes, and generally to contribute to or otherwise assist any charitable or benevolent institutions or undertakings and grant donations for any national or public purpose.

4.10.15 Pay to officials and servants of the Institute their expenses and such salaries, pensions, gratuities or other sums in recognition of services.

4.10.16 Operate or contract into schemes of regulation and discipline of the Institute's members and such other persons as agree to be subject to such schemes and, with one or more other professional bodies, to establish and participate in a scheme (whether constituted as an incorporated body or not) for the investigation and discipline in certain circumstances of such persons as may be subject to the scheme pursuant to the procedures of that scheme rather than the Institute 's own disciplinary scheme.

4.10.17 Take all such steps as it deems fit to enable it to remain, or become, and operate as a recognised professional body or supervisory body, in the broadest sense, and do anything whatsoever incidental to or in connection therewith and (without prejudice to the generality thereof) the Institute may:

4.10.17.1 Lay down requirements and implement procedures (including professional experience, examinations and practical training) to ensure that the requirements for recognition of any professional qualification or designation required in terms of relevant statutes and regulations are, and continue to be, fulfilled;

4.10.17.2 Implement designations, certification, or licensing procedures for the purposes of the said statutes or regulations;

4.10.17.3 Provide for the constitution of a scheme, fund or other arrangements for the compensation of persons

dealing with persons allocated a designation, certification or licence by the Institute.

- 4.10.18 Take all steps as it deems fit to enable any qualifications, designation, certificate or licence offered by it to be declared a recognised professional qualification, designation, certificate or licence for the purposes of the relevant statutes and regulations so as to enable it to become a recognised qualifying body or similar body for the purposes of the relevant statutes and any other corresponding or similar provision of the law of any other jurisdiction anywhere in the world.
- 4.10.19 Co-operate with any third party in relation to the functions of monitoring and enforcement of compliance with the rules or standards of compliance as required of members in relation to functions as required by any statute, regulation or common law.
- 4.10.20 In general to execute, alone or in conjunction with others, the foregoing and all such other lawful things in any manner whatsoever consistent with the provisions of this Constitution as may be incidental or conducive to furthering or protecting the interests and efficiency of the Institute and its members.
- 4.10.21 Take such action as may be necessary to attain, improve and sustain the status, professional image and conduct of its members, their professional designations, occupational qualifications, and the standing and practice of stockbroking and financial market professionals.

5. **MEMBERSHIP**

- 5.1 A new member, being a natural person or a juristic person who qualifies for membership in terms of the By-Laws, shall be admitted to membership by the Council on submission of an application in accordance with the By-Laws.
- 5.2 The Institute may provide for different categories in terms of its members to differentiate between different practice licenses, industries, interest groups function and status of the member and the professional conduct of such member

and, in general, as the Council determines to be in the best interest of the functioning of the Institute and the members as a whole.

5.3 The initial categories of membership are:

Voting:

- 5.3.1 Stockbroker – practicing
- 5.3.2 Stockbroker – non-practicing
- 5.3.3 Corporate Member.
- 5.3.4 Honorary Life Member.

Non-voting:

- 5.3.5 Associate Member

Sub-categories

- 5.3.5.1 Financial Market Analyst
- 5.3.5.2 Portfolio Manager
- 5.3.5.3 Financial Market Practitioner
- 5.3.5.4 Trader (Equities and/or Derivatives and/or Bonds)
- 5.3.5.5 Compliance Officer (Equities and/or Derivatives and/or Bonds)
- 5.3.5.6 Settlement Officer
- 5.3.5.7 Administration and Settlement Practitioner

5.3.6 Affiliate Member

5.3.7 Student Member.

5.4 The Council may expand, modify or contract the abovementioned categories based on the operational requirements of the Institute from time to time and further may provide for practising licences/accreditation within the various categories to provide for and regulate the professional functions and practice of such members and may allocate and/or revoke and/or amend such licenses/accreditation as the Council deems fit from time to time in its sole discretion.

5.5 The terms and conditions and the qualifications for membership, the categories and any subcategories of membership, the designations for use by any category of membership, the process for applying for membership, any initial or periodic cost of membership in any category, the rights and obligations, if any, of membership in any category and the grounds on which membership may, or will, be suspended or lost, is provided for in the By-Laws and Code of Conduct of the Institute.

5.6 Notwithstanding the above, Council may, in considering the application for membership of any individual or entity, impose such additional conditions of membership as Council may determine in its sole discretion to be in the best interest of the Institute and its members.

5.7 Without derogating from the above, any voting member of the Institute who is in default with any of the obligations of membership imposed on him or her by virtue of the terms of this Constitution, the By-Laws and/or the Code of Conduct of the Institute shall automatically be regarded as a 'member not in good standing' and shall not be entitled to attend or vote at any meeting of members of the Institute or to exercise any of the rights and privileges of membership for as long as such default continues.

5.8 The following transitional provision shall apply to existing members of the institute:

5.8.1 Each natural person who at the date prescribed by the Council is registered as a Practicing Member of the Institute, is in the employment of a member firm of the JSE and in good standing, will on that date be deemed to have been admitted to membership of the Institute as a full Practicing Stockbroker and his name will be recorded in the register of members as a Practicing Stock broker on compliance by him with such formalities as the Council in its discretion may prescribe.

5.8.2 Each natural person who at the date prescribed by the Council is registered as a Non Practicing Member of the Institute, and in good standing, will on that date be deemed to have been admitted to membership of the Institute as a non-practicing stockbroker and his name will be recorded in the register of members as a non practicing stock broker on compliance by him with such formalities as the Council in its discretion may prescribe.

5.8.3 Each natural person who at the date prescribed by the Council is registered as a Non Practicing Member of the Institute and has been employed within the Financial Market Industry for three consecutive years (and in the discretion of the Council is suitably qualified, fit and proper and in good standing), will be entitled to make application to the Institute for membership, subject to compliance of such formalities as the Council in its discretion may stipulate.

5.9 This transitional provisions shall be removed from the Constitution on the fifth anniversary of the date on which this Constitution has been approved by members.

6. PRIVILEGES AND OBLIGATIONS OF MEMBERSHIP

6.1 Members are bound to comply with the provisions of the Constitution, By-Laws and Code of Conduct of the Institute and shall be subject to the disciplinary sanctions set forth therein.

- 6.2 Specific privileges and obligations accruing to each category of membership referred to above are provided for in the By-Laws and Code of Conduct of the Institute.
- 6.3 Should a member fail to comply with the obligations placed on him by virtue of the Constitution, By-Laws and Code of Conduct, all privileges accruing to such member in terms of his specific membership category(s) shall automatically be suspended for the duration of such non-compliance.
- 6.4 The Council may summarily suspend a member's membership, if the Council is of the opinion that such member's continuous behaviour is regarded as being damaging to the Institute and/or its members' image and reputation. The matter shall, simultaneously with such suspension, be referred for investigation in terms of the Institute's disciplinary structures who may uphold, overturn or substitute the Council's decision with or without such further conditions as may be deemed appropriate.

7. REGISTER OF MEMBERS

- 7.1 The Council shall maintain a register in which shall be recorded the name of each person and entity admitted to membership of the Institute. In the event of any person ceasing to be a Member for any reason whatsoever, his name shall be deleted from the register.
- 7.2 The Institute may issue a list of the Members of the Institute and any other particulars in respect of the Members as Council may determine.
- 7.3 If the Council shall determine that there shall be different categories of Members then separate registers and/or entries may be maintained for each such category.

8. MEETINGS OF MEMBERS

- 8.1 An annual General Meeting of the Institute shall be held not later than 31 October of each Year and not more than 15 (fifteen) months shall elapse between the holding of Annual General Meetings.

- 8.2 The annual General Meeting shall deal with a consideration of the annual financial statements of the Institute, the election of members of the Council and the appointment of auditors and may deal with any other business laid before it.
- 8.3 The Council may call for additional Member's Meetings at any time.
- 8.4 Notice of Members' meetings shall be sent to each Member entitled to vote at such meeting and who has elected to receive such notice.
- 8.5 Except at any time when there is only one Member or when a resolution may be passed otherwise than at a meeting of Members, the Institute shall hold a Members' meeting:
- 8.5.1 At any time that the Council is required by the Constitution, By-Laws or Code of Conduct to refer a matter to Members entitled to vote for a decision.
- 8.5.2 Whenever the number of Council Members fall below the minimum number prescribed in the Constitution and the Institute is required to fill a vacancy on the Council.
- 8.5.3 If there are no Council Members remaining in office or if all of the Council Members of the Institute are incapacitated, the Institute hereby authorises any Member of the Institute to call a Members' meeting for purposes of electing a new Council.
- 8.6 The Council of the Institute shall call a Members' meeting if one or more written and signed demands for such a meeting are delivered to the Institute and each such demand describes the specific purpose for which the meeting is proposed and in aggregate, demands for substantially the same purpose are made and signed by the Members in good standing, of at least 10% (ten percent) of the voting rights entitled to be exercised in relation to the matter proposed to be considered at the meeting.
- 8.7 At any time before the start of a Members' meeting a Member(s) who submitted a demand for that meeting may withdraw that demand. If as a result of one or

more demands being withdrawn, the voting rights of any remaining Members who continue to demand the meeting, in aggregate, fall below the minimum percentage of voting rights required to call a meeting, the meeting shall be cancelled.

- 8.8 In the event of a demand for a meeting being withdrawn, the Council may refer the matter to the disciplinary committee of the Institute to determine whether the demand for a meeting was made and/or withdrawn on a reckless and/or frivolous basis. In the event that the disciplinary committee may find that the demand for a meeting and/or the withdrawal thereof was made on a reckless and/or frivolous basis, the disciplinary committee may direct that the member(s) pay to the Institute the entirety, or such portion as the disciplinary committee deem fit, of the wasted costs incurred by the Institute as a result of the demand for and/or withdrawal of demand for a meeting.
- 8.9 With respect to the location(s) and venue(s) of a Members' meeting, the Council may determine that a meeting will take place at several locations and venues and may determine such arrangements as it in its sole discretion deem appropriate and practical in any circumstances to address the location and venue where the Chairman of the meeting will preside ("the main meeting place"), the numbers of persons attending at any particular location or venue, the safety of persons attending at any particular location or venue, the facilitating factors of attendance of persons at any particular location or venue, the entitlement of persons to attend at any particular location or venue, and the electronic participation of persons in the meeting, and may from time to time vary any such arrangements.
- 8.10 A Member who in person or as represented attends a Members' meeting physically at any of the various locations and venues for a meeting shall be deemed to be present at the meeting in question, and counted towards the quorum, while so attending.
- 8.11 The Chairman of the Council shall preside as Chairman at every Members' meeting. If there is no such Chairman, or if at any Members' meeting he is not present within 15 (fifteen) minutes after the time appointed for holding the Members' meeting or is unwilling to act as Chairman, the Members entitled to vote which are present shall select a Council Member present at the Members' meeting, or if no Council Member is present at the Members' meeting, or if all the

Council Members present decline to take the chair, the Members entitled to vote shall select one of their number which is present to be Chairman of the Members' meeting.

8.12 Any failure to hold a meeting does not affect the existence of the Institute, or the validity of any action by the Institute.

8.13 Without derogating from the generality of the above, the Council of the Institute may call a Member's Meeting with regard to a specific category or subcategory of members, at any time, in order to discuss and obtain the direction of such members with regards to issues that are specifically of import to such category or subcategory. Provided that: the result of such meeting shall only be applicable to and bind the relevant category or subcategory of members and shall not be made applicable to the members of the Institute at large without first having been put to the vote at a duly constituted meeting of all the members of the Institute.

9. RECORD DATE FOR DETERMINING MEMBERS' RIGHTS

9.1 The Council shall set a record date for the purpose of determining which Members are in good standing and entitled to receive notice of a Members' meeting, participate in and vote at a Members' meeting, decide any matter by written consent or electronic communication, or be allotted or exercise other rights.

9.2 Each applicable record date determined by the Council shall not be earlier than the date on which the record date is determined by the Council, i.e. shall not be a "retrospective" record date, and shall not be more than 20 (twenty) business days before the date on which the event or action for which the date is being set, is scheduled to occur.

9.3 For the sake of clarity, separate record dates shall be determined in relation to each Members' meeting.

10. NOTICE OF MEMBERS' MEETINGS

- 10.1 A notice of a meeting of any class of Members must be delivered to each Member in good standing as of the applicable record date determined for such meeting.
- 10.2 The abovementioned notice shall be delivered to members at least 10 (ten) business days before the date on which the meeting is to begin. However, any failure to comply with this clause shall not affect the validity of any General Meeting convened in terms thereof.
- 10.3 The Institute may call a meeting with less notice than set out above, but such a meeting may proceed only if every person who is entitled to exercise voting rights in respect of any item on the meeting agenda is present at the meeting and votes to waive the required minimum notice of the meeting.
- 10.4 A notice of a Members' meeting shall be in writing in plain language and shall include:
- 10.4.1 The date, time and place for the meeting, and the record date for the meeting.
 - 10.4.2 The general purpose of the meeting, and any specific purpose if applicable.
 - 10.4.3 A summarised form of the financial statements to be presented and directions for obtaining a copy of the complete financial statements for the preceding financial year, if the meeting is the Annual General Meeting of the Institute.
 - 10.4.4 A copy of any proposed resolution of which the Institute has received notice, and which is to be considered at the meeting, and a notice of the percentage of voting rights that will be required for that Resolution to be adopted.
 - 10.4.5 A reasonably prominent statement that:

- 10.4.5.1 A Member entitled to attend and vote at the Members' meeting shall be entitled to appoint a proxy to attend, participate in, speak and vote at the Members' Meeting in the place of the Member entitled to vote;
- 10.4.5.2 A proxy need not be a Member entitled to vote, and
- 10.4.5.3 Participants in a Members' Meeting may be required to furnish satisfactory identification in order to reasonably satisfy the person presiding at the Members' Meeting failing which the member may be barred from attending at the meeting.

11. MEMBERS ACTING OTHER THAN AT A MEETING

- 11.1 Any resolution that could be voted on at a Members' meeting may instead be submitted by the Council for consideration to the Members entitled to exercise voting rights in relation to the resolution and voted on in writing by Members entitled to exercise voting rights in relation to the resolution within 20 (twenty) business days after the resolution was submitted to them.
- 11.2 A resolution will have been adopted if it is supported by persons entitled to exercise sufficient voting rights for it to have been adopted as an ordinary resolution (where an ordinary resolution is required) or a special resolution (where a special resolution is required), at a properly constituted Members' meeting and, if adopted, shall have the same effect as if it had been approved by voting at a meeting of members.
- 11.3 An election of a Council Member that could be conducted at a Members' meeting may instead be conducted by written polling of all of the Members entitled to exercise voting rights in relation to the election of that Council Member.
- 11.4 Within 10 (ten) business days after adopting a resolution, or conducting an election of Council Members in terms of the provisions of this clause, the Institute shall deliver a statement describing the results of the vote, consent process, or

election to every Member who was entitled to vote on or consent to the resolution, or vote on the election of a Council Member, as the case may be.

12. MEMBERS' RIGHT TO BE REPRESENTED BY PROXY

- 12.1 A member may appoint any individual as a proxy to participate in, and speak and vote at, a meeting of that class of Member, on behalf of the Member or give or withhold written consent on behalf of the Member to a decision to be taken by that class, provided that the Member may not appoint more than one proxy to exercise voting rights on behalf of that Member.
- 12.2 Notwithstanding the provisions of paragraph 12.1 above, a member shall not be entitled to appoint a proxy when considering a resolution as provided for in paragraphs 11.1 to 11.4 above.
- 12.3 A member shall be restricted to the appointment of one proxy per voting member per meeting.
- 12.4 A proxy appointment shall be in writing, dated and signed by the Member and remains valid until the conclusion of the meeting to which it relates or any postponement or adjournment thereof, whichever is the later date.
- 12.5 The appointment is revocable unless the proxy appointment expressly states otherwise, and may be revoked by cancelling it in writing and delivering a copy of the revocation instrument to the Institute. The appointment is suspended at any time and to the extent that the member entitled to vote chooses to attend at the meeting or to act directly and in person in the exercise of any rights as a Member entitled to vote.
- 12.6 The authority of a Member's proxy to delegate the proxy's powers to another person, and to decide without direction from the Member whether to exercise or abstain from exercising any voting right of the Member, is not limited or restricted, subject only to any restriction set out in the instrument appointing the proxy.

- 12.7 Unless the instrument appointing a proxy provides otherwise, a Member's proxy may decide, without direction from the Member, whether to exercise or abstain from exercising any voting right of the Member.
- 12.8 The Institute shall be entitled to disregard a proxy form or instrument appointing a proxy, and to disregard the vote of any proxy or purported proxy, if:
- 12.8.1 The proxy form or instrument of proxy does not comply with the requisite formalities, or with the requirements as to content, as prescribed by the Institute from time to time; or
 - 12.8.2 The authority of the proxy has been revoked by the Member in person or through its authorised representative or through its legal representative.
- 12.9 Any person who is a proxy or purported proxy specified in a proxy form or instrument appointing a proxy which may be disregarded, or the voting of whom may be disregarded, shall not be entitled to attend, participate in, or speak or vote at the meeting of Members in question and shall forthwith remove himself from the meeting in question at the request of the chairman of the meeting.

13. CONDUCT OF MEETINGS

- 13.1 A person wishing to attend or speak at or participate in or vote at a Members' meeting as a Member personally or as a proxy for a Member, or as the Auditors or representative of the Auditors, must for purposes of identification present reasonably satisfactory identification and evidence of their authority or entitlement to represent the Member in question or to attend the meeting, to the Chairman of the meeting at least 30 (thirty) minutes before the appointed time for that meeting to begin or, if the meeting is adjourned, at least 30 (thirty) minutes before the appointed time for that adjourned meeting to resume, as the case may be, stipulated in the notice of the meeting or adjourned meeting in question.
- 13.2 The auditors for the time being of the Institute shall be entitled to attend any Members' meeting and be heard on any part of the business of the meeting that concerns the Auditor's duties or functions.

13.3 The Institute has the authority to conduct a Members' Meeting entirely by electronic communication or to provide for participation in a meeting by electronic communication of one or more Members, or proxies for Members, in all or part of a Members' Meeting, as long as the electronic communication employed ordinarily enables all persons participating in that meeting to communicate concurrently with each other without an intermediary and to participate reasonably effectively in the meeting.

13.4 Members (or if applicable their proxies) may participate in all or part of a meeting (including the meeting as adjourned) which they are entitled to attend, by electronic communication, at their own expense.

13.5 A resolution adopted by Members, some or all of whom were connected electronically, where:

13.5.1 Members connected electronically remained connected for the duration of that part of the meeting during which the resolution was discussed; and

13.5.2 The subject matter of the resolution has been discussed; and

13.5.3 The Chairman of the meeting or any other person present in person or electronically at the meeting certifies in writing that the aforementioned requirements have been met;

shall be deemed to have been passed on the date on which the resolution was adopted.

13.6 Within 30 (thirty) business days after the adoption or failing of a resolution at a meeting or where some or all of the Members were connected and participated electronically, the Institute shall:

13.6.1 Deliver to each Member a copy of the resolution proposed, accompanied by a statement describing the results of the vote, consent process or election, as the case may be; and

13.6.2 Insert a copy of the said resolution and statement in the minute book of the Institute.

13.7 A Member who in person or as represented participates in a meeting at any time electronically in terms of this article shall be deemed to be present at the meeting in question, and counted towards a quorum, while so participating.

13.8 In the event that the Institute provides for participation in a meeting by electronic communication, the notice of that meeting shall inform Members of the availability of that form of participation and provide any necessary information to enable Members or their proxies to access the available medium or means of electronic communication, and access to the medium or means of electronic communication is at the expense of the Members or proxy.

14. MEETING QUORUM AND POSTPONEMENT

14.1 A quorum for any meeting of members shall be at least ten Members entitled to attend and vote on any of the matters to be considered at the meeting, of whom at least five of them shall be stockbrokers, whether they are present in person, by proxy or electronically at the time of the meeting.

14.2 After a quorum has been established for a Members' meeting, or for a matter to be considered at a Members' meeting, the meeting may continue, or the matter may be considered, so long as sufficient Members' for such quorum are present at the meeting.

15. ADJOURNMENT OF MEMBERS' MEETINGS

15.1 Unless a quorum is present within 30 (thirty) minutes of the time appointed for the meeting, or if the members in attendance fall below the requirement for a quorum as set out above, the meeting shall stand adjourned to the same time, at the same place and on the same day of the next week, and if such day be a public holiday, to the next business day thereafter.

15.2 At an adjourned meeting the Members present shall form a quorum and shall have full power to transact the business of the meeting which could have been transacted had the meeting been held on the date for which it was called.

15.3 Notwithstanding the above, an adjournment of a meeting, or of consideration of a matter being debated at the meeting may be made to a fixed date, time and place or until further notice.

15.4 The Institute shall not be required to give further notice of a meeting that is postponed or adjourned unless:

15.4.1 Another date, time or place is determined for the adjourned meeting other than as set out in paragraph 15.1., or

15.4.2 It is necessary to inform registered Members of the availability of participation in the postponed or adjourned meeting by electronic means, or

15.4.3 The meeting has been adjourned “until further notice” in terms of this Article of the Constitution.

15.5 At any adjourned meeting the Members who are present or represented by proxy and entitled to vote shall constitute a quorum and may proceed to transact the business of the meeting.

15.6 No business shall be transacted at any adjourned Members’ meeting of the Institute other than business left unfinished at the meeting from which the adjournment took place.

15.7 The adjourned meeting may continue or the matter may be considered, so long as at least one Member with voting rights entitled to be exercised at the meeting, or on that matter, is present or represented at the meeting.

16. **VOTES OF MEMBERS**

16.1 At a meeting of the Institute every member in good standing present, either personally or by proxy, and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands.

- 16.2 On a poll any person who is present at the meeting, whether as a Member or as a proxy for a Member, has the number of votes determined in accordance with voting rights held by that Member.
- 16.3 At any meeting of the Institute a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll (demanded before the show of hands) is demanded in accordance with the provisions of this clause and, unless a poll is so demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously or by a particular majority or defeated, and an entry to that effect in the book containing the minutes of the proceedings of the Institute, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such Resolution. The demand for a poll may be withdrawn.
- 16.4 If a poll is duly demanded, it shall be taken in such a manner as the Chairman directs, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. In computing the majority on the poll, regard shall be had to the number of votes to which each Member and/or proxy is entitled.
- 16.5 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place, or at which the poll is demanded, shall be entitled to a second or casting vote.
- 16.6 A poll demanded on the election of a Chairman or on a question of adjournment shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the Chairman of the meeting directs. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business other than the question upon which the poll has been demanded.
- 16.7 The passing of an Ordinary Resolution is subject to the approval of more than 50% (eg. 50.1% or more) of the votes cast by all Members present in person or represented by proxy, at the Meeting convened to approve such Resolution.
- 16.8 The passing of a Special Resolution is subject to the approval of more than 65% (eg. 65.1% or more) of the votes cast by all Members present in person, or represented by proxy, at the Meeting convened to approve such resolution,

provided: that at least 60% of the votes received in favour of the Special Resolution shall be from practising stockbrokers.

- 16.9 A Special Resolution shall be required for *inter alia*:
- 16.9.1 Amendment of the provisions of Constitution.
 - 16.9.2 Winding up of the Institute or amalgamation and/or merger of the Institute with any other professional body.
 - 16.9.3 Disposal of substantially the whole (75% or more) of the assets of the Institute. In this regard, 'disposal' shall be deemed to include the incurrence of debt by the Institute or the encumbrance of the assets of the Institute by way of pledge, cession, mortgage or any other provision of security.
- 16.10 The Council may propose any resolution to be considered by Members and may determine whether that resolution will be considered and voted on at a meeting of Members or by Round Robin Resolution.
- 16.11 Any 25 (twenty five) or more Members may by notice to the Council require the Council to propose a resolution concerning a matter in respect of which such Members are each entitled to exercise voting rights, and when proposing the resolution may require Council to determine that the resolution be submitted to Members for consideration at a meeting of Members called, or at the next scheduled Members' meeting, or by round-robin resolution.
- 16.12 Any resolution proposed must comply with the requirements as to form and content, and supporting information or explanatory material, as determined by the Council from time to time.

17. COUNCIL

- 17.1 The affairs of the Institute shall be managed by a council consisting of not less than 8 (eight) and no more than 25 (twenty five) persons resident in the Republic of South Africa.
- 17.2 At least 3 (three) members of the Council shall be unconnected persons in relation to each other as envisaged in Section 30 of the Income Tax Act.
- 17.3 The Council is the highest decision making authority of the Institute and Members shall abide by the decision of the Council.
- 17.4 Until otherwise resolved by the Council, the Chairperson of the Council, the President and the Public Officer will serve as the office-bearers of the Institute.

18. POWERS OF THE COUNCIL

- 18.1 In managing the affairs of the Institute the Council shall be entitled to exercise all the powers of the Institute except such powers as are expressly reserved by the provisions of this Constitution to the Institute in general meeting.
- 18.2 No single person shall directly or indirectly control the decision making powers of the Institute.
- 18.3 Without in any way limiting the scope of its powers as generally described in clause 18.1 and, in addition to powers given to it elsewhere in this Constitution or the By-Laws, the Council shall have power in the name of and on behalf of the Institute:
- 18.3.1 To receive and accept donations, grants and other moneys. Provided that: no contribution will be accepted by the Council which is revocable at the instance of the contributor for reasons other than a material failure to conform to the designated purposes and conditions of such contribution, including any misrepresentation with regard to the tax deductibility thereof in

terms of section 18A of the Income Tax Act 58 of 1962 (as amended) ("the Act"): Further provided that: a contributor (other than a contributor which is an approved public benefit organisation or an institution, Council or body which is exempt from tax in terms of section 10(1)(cA)(i) of the Act, which has as its sole or principal object the carrying on of any public benefit activity) may not impose any conditions which could enable such contributor or any connected person in relation to such contributor to derive some direct or indirect benefit from the application of such contribution;

- 18.3.2 to purchase or otherwise acquire, take on lease or hire, exchange, improve, sell, mortgage, pledge, let, dispose of or otherwise deal in property of any description whatsoever;
- 18.3.3 to raise or borrow or secure any sum of money or to secure the performance of any obligation in such manner and upon such terms and conditions as it deems fit and, in particular, by the execution of mortgage or notarial bonds upon all or any of the property of the Institute;
- 18.3.4 to invest the funds of the Institute or any portion thereof with registered financial institutions as defined in section 1 of the Financial Institutions (Investment of Funds) Act No 39 of 1984 and/or in securities listed on a licensed exchange as defined in the Financial Markets Act, 19 of 2012 or as amended or any other act replacing it, as the Council may from time to time determine;
- 18.3.5 to open and operate banking accounts and savings accounts with registered banking institutions and other registered financial institutions;
- 18.3.6 to apply and use the funds and income of the Institute to promote the objects of the Institute;
- 18.3.7 to institute and defend legal proceedings;

- 18.3.8 to appoint and remove any person as an officer or employee of the Institute and to determine his designation, duties, salary and other terms of employment;
- 18.3.9 to pay reasonable travelling, subsistence and other expenses incurred in connection with the affairs of the Institute by any members of the Institute or the Council or any officer or employee of the Institute;
- 18.3.10 to enter into contracts and to authorise the settling of the terms of and the signature of any contract or any other document;
- 18.3.11 to interpret any clause of the Constitution or By-Laws if any dispute arises as to its meaning, such interpretation being binding on the members of the Institute if accepted by not less than two-thirds of the members of the Council or their alternates;
- 18.3.12 to prescribe the form of the instrument appointing a proxy; and
- 18.3.13 generally to do whatever the Council deems necessary to enable it to carry out the objects of the Institute and to exercise the powers and to perform the functions and discharge the duties given to or imposed upon it in terms of this Constitution.

19. ELECTION AND APPOINTMENT OF COUNCIL MEMBERS

- 19.1 The Institute subscribes to the principles of good corporate governance as applicable to the Institute and as set out in the King Reports from time to time. As such, the Council shall cause a Nominations Committee to be established.
- 19.2 The Nominations Committee shall from time to time determine the rotation of Council Members and the qualifying criteria for any candidate to be nominated as a Council Member in terms of the provisions set out below. The determination shall be in the sole discretion of the Nomination Committee taking into account factors such as, but not necessarily limited to, the Institute's short and long term

strategy, operational requirements and the professional requirements of members.

19.3 Subject to the determination of candidates by the Nominations Committee, the Council shall be comprised of no less than 8 (eight) and no more than 25 (twenty five) Council Members to be selected, elected and appointed as follows:

19.3.1 8 seats to be elected by members from nominees within the membership categories: Stockbroker and/or Honorary Life Member (or any amendment thereof) in terms of the Institute's membership categories.

19.3.2 Up to 7 seats to be elected by members from nominees within the membership category: Corporate Member.

19.3.3 Three seats to be appointed by the Council from nominees presented by the nominations committee, having expertise and/or experience within the sphere of good corporate governance.

19.3.4 The Chief Executive Officer of the Secretariat (if any).

19.3.5 The remainder of the seats to be reserved for Council Members to be co-opted at the discretion of the Council.

19.4 The nominations of the above-mentioned groups shall be made to the Nominations Committee established with the terms of reference under the best practice and good governance practices as stipulated under King from time to time.

19.5 Any vacancies over and above the minimum number of 8 Council Members need not be filled and shall be filled in the discretion of the Council and taking into account any guidelines provided by the Nominations Committee from time to time.

19.6 In the event that the number of elected Council Members together with any ex officio Council Members becomes less than 8, it shall not invalidate the Council or any action or decision taken by the Council, provided: that the Council shall,

within 40 (forty) business days, appoint sufficient Council Members to fill all vacancies arising on the Council: Provided further that there shall at all times be at least 8 (eight) members from the membership categories 'Stockbroker' and/or 'Honorary Life Member' holding seats as Council Members.

19.7 A person becomes entitled to serve as a Council Member of this Institute when that person –

19.7.1 Is a member of the Institute in good standing;

19.7.2 has been elected by members in meeting, or holds office, title, designation or similar status, entitling that person to be an ex officio member of the Council of the Institute or has been assumed or nominated by the Council; and

19.7.3 has delivered to the Institute a written consent to serve as a Council Member.

19.8 At least 15 business days before the date of the annual general meeting at which the Council Members are to be elected, the Institute shall give the voting members written notice calling on them to nominate candidates for appointment to the Council as per the determination of the Nominations Committee.

19.9 Each voting member may nominate an unlimited number of candidates, provided that such nominations are submitted to the Council at least 5 business days before the annual general meeting and that each candidate signifies his or her acceptance of the nomination in writing on the nomination form delivered to the Institute. Any nomination which is not accepted by the candidate or that does not comply with the requirements set by the nominations committee shall be disregarded.

19.10 If insufficient nominations are received to fill the vacancies in the committee then all those nominated at the annual General Meeting in question shall be deemed to have been elected as members of the Council.

19.11 If the number of nominations received is equal to the number of vacancies to be filled, then those candidates shall be deemed to have been elected.

19.12 If the number of nominations exceeds the number of vacancies to be filled, then a ballot shall be taken at the annual General Meeting in question as provided for in this Constitution.

19.13 The election of the Council shall take place in the same manner as the voting for an Ordinary Resolution, to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy, with the series of votes continuing until all vacancies on the Council at that time have been filled; and in each vote to fill a vacancy where each voting right entitled to be exercised may be exercised once and the vacancy is filled only if a majority of the voting rights exercised support the candidate.

20. ROTATION AND APPOINTMENT OF COUNCIL MEMBERS AND ALTERNATE COUNCIL MEMBERS

20.1 As an interim provision, the existing elected Council members of the Institute shall be deemed to be elected Council members of the Institute in terms of this Constitution. This clause will be removed from the Constitution on the fifth anniversary of the approval of this Constitution.

20.2 The list of eligible nominees and further Council Members shall be determined by the Nominations Committee from time to time.

20.3 All elected and appointed Council Members on the Council shall retire from office no later than the third annual general meeting after their election and newly elected members of the Council shall assume their office as Council Members at that meeting.

20.4 Retiring Council Members may again stand for election and may be re-elected to office.

20.5 The Council Members elected to the Council at the annual general meeting may fill any vacancies remaining on the Council after the annual general meeting, by appointing such Council Members to those vacancies as soon as possible after the general meeting.

- 20.6 The Council may appoint a chief executive officer who will be an *ex officio* member of the Council.
- 20.7 A person who holds office or acts in the capacity of an *ex officio* Council Member of the Institute (if applicable) has all the powers and functions of any other Council Member of the Institute, except to the extent that the Institute's Constitution restricts the powers and functions or duties of an *ex officio* Council Member, and is subject to all of the liabilities of any other Council Member of the Institute.
- 20.8 The Council may appoint a person who satisfies the requirements for election as a Council Member to fill any vacancy and serve as a Council Member of the Institute on a temporary basis until the vacancy has been filled by election in terms of this Constitution. During that period, any person so appointed has all the powers, functions and duties and is subject to all of the liabilities of any other Council Member of the Institute.
- 20.9 A Council Member may, with consent of the Council, appoint a person to serve, as the occasion requires, as a Member of the Council as an alternate for the particular elected or appointed Council Member of the Institute.
- 20.10 A person elected or appointed as an alternate for a Council Member acts for all intents and purposes in the place of, and not for or as a representative of, the Council Member for whom he is an alternate, and shall be treated as a Council Member of the Institute while he acts in the place of the Council Member for whom he is an alternate.
- 20.11 While acting in the place of the Council Member for whom he is an alternate, the alternate Council Member may generally exercise all the rights of that Council Member and shall, in all aspects, be subject to the terms and conditions existing with reference to the appointment, rights and duties as Council Member and the holding of office of that Council Member, and shall not have any claim of any nature whatsoever against the Institute for any remuneration with respect to his services as a Council Member or his appointment as an alternate.
- 20.12 An alternate shall only be entitled to vote at any meeting if the Council Member for whom he is an alternate is not present at that meeting, provided that the

alternate may also attend a meeting at which the Council Member for whom he is an alternate is present if the other Council Members present at the meeting resolve that he may attend, provided further, that in the circumstances when the Council Member for whom he is an alternate is present, then the alternate shall not be counted towards a quorum and shall recuse himself from the meeting if requested by any Council Member to do so.

20.13 An alternate shall only be entitled to sign a round robin resolution if the Council Member for whom he is an alternate is then absent from the Republic of South Africa or is out of reach of communication or is incapacitated.

20.14 The appointment of an alternate shall cease, and he shall vacate his office as an alternate, if:

20.14.1 the alternate was appointed by the Council and the Council gives notice to that alternate terminating his appointment;

20.14.2 the person (for whom another person has been elected or appointed as an alternate) ceases to be a Council Member of the Institute or ceases to be entitled to serve as a Council Member, for any reason; or

20.14.3 an event occurs or circumstances arise, in relation to an alternate, which if he were a full Council Member would cause him to cease to be entitled to serve as a Council Member in terms of the this Constitution.

21. **GOVERNANCE OF THE COUNCIL**

21.1 The business and affairs of the Institute shall be managed by or under the direction of its Council, which has the authority to exercise all of the powers and perform any of the functions of the Institute.

21.2 The Council may at any time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Institute for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Council in terms of this Constitution, including the right of sub-

delegation) and for such period and subject to such conditions as the Council may from time to time think fit.

21.3 Any such appointment may, if the Council think fit, be made in favour of any Institute, the Members, Council Members, Nominees or Managers of any Institute or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Council.

21.4 Any such Power of Attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Council think fit and any such attorneys or agents as aforesaid may be authorised by the Council to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

22. VACANCIES ON COUNCIL

22.1 In terms of this Constitution, a person shall cease to be a Council Member and a vacancy arises on the Council of the Institute:

22.1.1 when the person's term of office as Council Member expires, or

22.1.2 if the person resigns or dies;

22.1.3 in the case of an ex officio Council Member, ceases to hold the office, title, designation or similar status that entitled the person to be an ex officio Council Member;

22.1.4 becomes incapacitated to the extent that the person is unable to perform the functions of a Council Member, and is unlikely to regain that capacity within a reasonable time;

22.1.5 is declared delinquent by a court or placed on probation under conditions that are inconsistent with continuing to be a Council Member of the Institute;

22.1.6 becomes ineligible or disqualified from acting as a Director in terms of the Companies Act;

22.1.7 is absent for more than 2 (two) consecutive meetings of the Council without its leave;

22.1.8 If elected from a membership category, is no longer a member of the Institute or loses his status of being “in good standing”;

22.1.9 No longer falls within a specific membership category set as qualifying criteria for election as a Council Member;

22.1.10 is removed:

22.1.10.1 by resolution of the members;

22.1.10.2 by resolution of the Council (see paragraph 23.3 below);

22.1.10.3 by order of the court.

22.2 Any person who is the audit partner of an audit firm who fulfils the duties of an external auditor of the Institute shall not be eligible to be a nominated and elected as a Council Member of the Institute for the duration while the firm holds such appointment.

22.3 If a vacancy arises on the Council, the Council may elect a person who satisfies the requirements for election as a Council Member to fill any vacancy and serve as a Council Member of the Institute on temporary basis until the earlier of the vacancy being filled by election by the Ordinary Members or the conclusion of the next General Meeting of the Institute after the temporary filling.

22.4 If at any time the number of Council Members falls below the minimum number required as a quorum, the continuing Council Members may act for the purpose of appointing sufficient Council Members to constitute a quorum or for convening a General Meeting but for no other purpose.

23. REMOVAL OF COUNCIL MEMBERS

23.1 Any Council Member may be removed by an Ordinary Resolution adopted at a Members' Meeting, despite anything to the contrary in the Constitution, or any agreement between the Institute and that Council Member, or between any Members and that Council Member. Provided that: before the Members of a Institute consider the above resolution:

23.1.1 the Council Member concerned must be given notice of the meeting and the resolution. The notice must be equivalent to that which a Member is entitled to receive, irrespective of whether or not the Council Member is a Member of the Institute; and

23.1.2 the Council Member must be afforded a reasonable opportunity to make a presentation to the meeting either in person or through a representative before the resolution is put to a vote.

23.2 A Council Member may be removed from office by an ordinary resolution of the council if that person:

23.2.1 Has become incapacitated to the extent that the Council Member is unable to perform the functions of a Council Member and is unlikely to regain that capacity within a reasonable time; or

23.2.2 has neglected or been derelict in the performance of the functions of a Council Member.

23.3 If a Council Member contends that a person should be removed as a Council Member of the Institute by the Council, then that Council Member shall first submit to the Council each of its contentions and the specific grounds of each such allegation and shall submit to the Council all evidence available on which the Member or Council Member relies for making the contention and allegation. On receipt thereof the Council must study such submission, investigate the allegation and determine the matter by Resolution.

- 23.4 The Constitution prohibits the removal of a Council Member by round-robin resolution of Members or Council Members acting other than at a meeting since the Council Member concerned must be afforded a reasonable opportunity to make a presentation at a Council meeting, in person or through a representative, before the resolution to remove him is put to a vote.
- 23.5 A Council Member shall be entitled to resign as Council Member on 15 (fifteen) days' written notice to the Institute or on such shorter notice as the Council may determine.

24. COUNCIL COMMITTEES

- 24.1 The Constitution does not limit, restrict or qualify the authority of the Council to appoint any number of committees; or to delegate to any such committee any of the authority of the Council.
- 24.2 Except to the extent that the Council or a Member Resolution establishing a committee provides otherwise, the Members of the committee:
- 24.2.1 may include persons who are not Council Members or members of the Institute;
 - 24.2.2 may consult with or receive advice from any person;
 - 24.2.3 may be remunerated for their services as such; and
 - 24.2.4 provided that the Committee is duly constituted, have the full authority of the Council in respect of any matter referred to it.

25. COUNCIL MEETINGS

- 25.1 A Council Member authorised by the Council of the Institute may call a meeting of the Council at any time, and shall call such a meeting if required to do so by at least 25% (twenty five percent) of the Council Members in office.

- 25.2 In the absence of a specifically authorised Council Member, the meeting shall be called by the Chairman of the Council who presided at the last meeting of Council Members.
- 25.3 The Council Member(s) of the Institute convening a Council meeting may determine the location of the meeting, including the location of a meeting which has been adjourned, provided that the location shall be the registered office of the Institute or a suitable venue within a 20 (twenty) km radius of the registered office of the Institute or a suitable venue in the Republic of South Africa which is reasonably accessible to each Council Member.
- 25.4 The Council shall be entitled to conduct a meeting entirely by electronic communication, or to provide for participation in a meeting by electronic communication.
- 25.5 The electronic communication facility employed by the Institute must ordinarily enable all persons participating in that meeting to communicate concurrently with each other without an intermediary, and to participate effectively in the meeting.
- 25.6 A resolution adopted by Council Members, some or all of whom were connected electronically, where:
- 25.6.1 Council Members connected electronically remained connected for the duration of that part of the meeting when the resolution was discussed;
 - 25.6.2 the subject matter of the resolution has been discussed; and
 - 25.6.3 the Chairman of the meeting or any other Council Member present in person or electronically certifies in writing that the aforementioned requirements have been met,

shall be deemed to have been passed on the date on which the resolution was adopted.

- 25.7 Within 10 (ten) business days after the adoption or failing of a resolution at a meeting or where some or all of the Council Members were connected and participated electronically in terms of this clause the Institute shall:
- 25.7.1 deliver to each Council Member of the Institute a copy of the resolution proposed, accompanied by a statement describing the results of the vote; and
 - 25.7.2 insert a copy of the resolution proposed and statement in the minute book of the Institute.
- 25.8 A Council Member who participated in a meeting at any time electronically in terms of this article shall be deemed to be present at the meeting in question, and counted towards a quorum, while so participating.
- 25.9 The Council Members shall choose one of them to act as chairman of any meeting and shall further determine the manner, form and time of providing notice of its meetings from time to time. In the absence of such determination, a meeting shall be convened with at least 10 (ten) calendar days' notice.
- 25.10 The Council Members may meet together for the dispatch of business, adjourn or otherwise regulate their meetings as they see fit, subject to the provisions of the Constitution.
- 25.11 If all of the Council Members of the Institute acknowledge actual receipt of a notice convening a meeting or are present at a meeting or waive notice of the meeting, then the meeting may proceed even if the Institute failed to give notice of that meeting within the stipulated time period, or if there was a defect in the giving of the notice.
- 25.12 The minutes of Council and Council Committee meetings must include all resolutions adopted by the Council or Council Committees, as the case may be, and must include all declarations of personal financial interests given by notice or made by a Council Member.

- 25.13 Each resolution adopted by the Council must be dated and sequentially numbered and are effective as of the date of the resolution, unless the resolution states otherwise.
- 25.14 Signature of the minutes or of a resolution by the chair of the meeting (or by the chair of the next meeting) is evidence of the proceedings of that meeting, or adoption of the resolution, as the case may be.
- 25.15 An extract from such minutes or extract from any resolution in writing, if signed by any Council Member or the Institute Secretary, shall be evidence of the matters stated in such minutes or extract.

26. **COUNCIL QUORUM**

- 26.1 A Council meeting may not begin unless at least 50% (fifty percent) of the Council Members then in office are present and of which at least 4 (four) must be Stockbrokers.
- 26.2 For purposes of counting a quorum at any time, a Council Member or his alternate who is personally present at the meeting, or who participates in person electronically at that time, shall be counted towards a quorum at that time.

27. **COUNCIL RESOLUTIONS**

- 27.1 The Council may propose any resolution to be considered by Members and may determine whether that resolution will be considered and voted on at a meeting of Members or by round-robin resolution.
- 27.2 Each Council Member has 1 (one) vote on a matter before the Council except that:
- 27.2.1 a Council Member whose ineligibility to serve as a Council Member has been determined in terms of the Constitution, shall not have a vote in respect of that matter;
 - 27.2.2 a Council Member who has been suspended shall not have a vote on any matter before the Council;

- 27.2.3 a Council Member who has a personal financial interest in respect of a matter to be considered by the Council or who knows that a related person has a personal financial interest in the matter in terms of section shall not have a vote in respect of that matter.
- 27.3 A majority of the votes of the Council Members present and entitled to exercise their vote on a matter is sufficient to approve a Council Resolution, provided that there is at least a quorum of Council Members present.
- 27.4 An abstention from voting shall not be counted as an exercise of a vote, and shall be disregarded for purposes of calculating whether or not a majority has been obtained.
- 27.5 If a resolution of the Council Members has failed because of a tie contemplated in this clause, the Chairman of the Council at the time shall have a casting vote.
- However, should he fail and/or refuse to exercise such casting vote, the Council shall refer the matter to the Members for the Members to resolve and facilitate the breaking of any deadlock. Failure to break the deadlock by the Members and/or Council shall not constitute grounds for the winding-up of the Institute.
- 27.6 A Council Member unable to attend a Council or Council Committee Meeting may, notwithstanding that this Council Member has an alternate, authorise any other Council Member to vote for him at that meeting, and in the event that the Council Member so authorised shall have a vote for each Council Member by whom he is so authorised in addition to his own vote. If both the Council Members so authorised and an alternate of the Council Member who granted the authority, are present at the meeting, the alternate shall not be entitled to vote in the place of the absent Council Member. Authority in terms of this clause must be in writing and must be handed to the person presiding at the meeting at which it is to be used.
- 27.7 A resolution that could be voted on at a Council meeting may, instead of being voted on at a meeting be:

- 27.7.1 submitted by the Council Members proposing the resolution for consideration to each Council Member; and
 - 27.7.2 voted on in writing by Council Members entitled to exercise voting rights on that matter within 10 (ten) business days after the resolution was submitted to them.
- 27.8 A resolution will have been adopted as a Council Resolution if it has been supported in writing by the requisite majority of the Council Members in person or their alternates who are entitled to exercise voting rights on the resolution proposed, and, if so adopted, such a resolution will have the same effect as if it had been adopted at a quorate Council meeting.
- 27.9 A round-robin resolution of Council Members shall be deemed to have been passed on the date specified in the resolution as the effective date of the resolution provided, that the effective date is not a date earlier than the date the resolution was submitted to Council Members for their consideration and, if deemed fit, adoption or, failing any such effective date being specified in the resolution, shall be deemed to have been passed on the date on which the resolution was approved in writing by the last of the Council Members or their alternates entitled to do so voting in favour of the resolution. If the approval is undated, the date on which such written approval was communicated to the Institute within the 10 (ten) business days, which votes in favour of the resolution in aggregate are sufficient for the resolution to have been passed.

28. COUNCIL MEMBERS ACTING OTHER THAN AT MEETING

- 28.1 A decision that could be voted on at a meeting of the Council of the Institute may instead be adopted by written consent of a majority of the Council Members, given in person or by electronic communication, provided that each Council Member has received notice of the matter to be decided.
- 28.2 A decision made in the manner in terms of this Article is of the same effect as if it had been approved by voting at a meeting.

29. REGISTER OF COUNCIL MEMBERS

29.1 The Institute must establish and maintain a record of its Council Members, alternate Council Member for a member of the Council or any person occupying the position of Council Member or alternate Council Member but by whatever name designated,

30. COUNCIL MEMBERS' REMUNERATION

30.1 The Institute shall not, directly or indirectly, pay any portion of its income or transfer any of its assets, regardless how the income or asset was derived, to any person who is or was a founding member of the Institute, or who is a member or Council Member, or person appointing a Council Member, of the Institute, except:

30.1.1 as reasonable remuneration for goods delivered or full-time services rendered to; or payment of, or reimbursement for, expenses incurred to advance a stated object of the Institute;

30.1.2 as a payment of an amount due and payable by the Institute in terms of a bona fide agreement between the Institute and that person or another;

30.1.3 as a payment in respect of any rights of that person, to the extent that such rights are administered by the Institute in order to advance a stated object of the Institute; or

30.1.4 in respect of any legal obligation binding on the Institute.

31. FINANCIAL ASSISTANCE

31.1 The Institute is prohibited from providing a loan to, securing a debt or obligation of, or otherwise provide direct or indirect financial assistance to, a Council Member of the Institute or of a related or inter-related Institute, or to a person related to any such Council Member.

31.2 The Constitution does not limit, restrict or qualify the said financial assistance, loan or securing a debt or obligation if it is in the ordinary course of the Institute's business and for fair value; constitutes an accountable advance to meet legal expenses in relation to a matter concerning the Institute or anticipated expenses to be incurred by the person on behalf of the Institute, is to defray the person's expenses for removal at the Institute's request; or is in terms of an employee benefit scheme generally available to all employees or a specific class of employees.

32. COUNCIL MEMBERS' PERSONAL FINANCIAL INTERESTS

32.1 At any time, a Council Member shall disclose any personal financial interest in advance, by delivering to the Council, or Members a notice in writing setting out the nature and extent of that interest, to be used generally until changed or withdrawn by further written notice from that Council Member.

32.2 The Council Member:

32.2.1 shall disclose the interest and its general nature before the matter is considered at the meeting;

32.2.2 shall disclose to the meeting any material information relating to the matter, and known to the Council Member;

32.2.3 shall disclose any observations or pertinent insights relating to the matter if requested to do so by the other Council Members;

32.2.4 if present at the meeting, shall leave the meeting immediately after making any disclosure;

32.2.4.1 not take part in the consideration of the matter;

32.2.4.2 while absent from the meeting is to be regarded as being present at the meeting for the purpose of determining whether sufficient Council Members are present to constitute the meeting, and is not to be regarded as being present at the

meeting for the purpose of determining whether a resolution has sufficient support to be adopted; and

32.2.4.3 shall not execute any document on behalf of the Institute in relation to the matter unless specifically requested or directed to do so by the Council.

33. STANDARDS OF COUNCIL MEMBERS' CONDUCT

33.1 In this clause, Council Member includes alternate Council Members and a person who is a Member of a committee of the Council of the Institute or of the Audit Committee of the Institute, if applicable, irrespective of whether or not the person is also a Member of the Institute.

33.2 A Council Member of the Institute shall not use the position of Council Member, or any information obtained while acting in the capacity of a Council Member to gain an advantage for the Council Member or for another person other than the Institute or to knowingly cause harm to the Institute.

33.3 A Council Member shall communicate to the Council at the earliest practicable opportunity any information that comes to the Council Member's attention that may directly or indirectly affect the interests of the Institute or its members, unless the Council Member reasonably believes that the information is immaterial to the Institute or generally available to the public, or known to the other Council Members; or is bound not to disclose that information by a legal or ethical obligation of confidentiality.

33.4 A Council Member of the Institute shall exercise the powers and perform the functions of Council Member in good faith and for a proper purpose, in the best interests of the Institute and with the degree of care, skill and diligence that may reasonably be expected of a person, carrying out the same functions in relation to the Institute as those carried out by that Council Member, and having the general knowledge, skill and experience of that Council Member.

33.5 In respect of any particular matter arising in the exercise of the powers or the performance of the functions of Council Member, such Council Members shall be

deemed to have acted with the necessary degree of care, skill and diligence of that Council Member provided that :

33.5.1 the Council Member shall take reasonably diligent steps to become informed about the matter;

33.5.2 the Council Member has no material personal financial interest in the subject matter of the decision and has no reasonable basis to know that any related person has a personal financial interest in the matter; or

33.5.3 the Council Member has disclosed any personal financial interest in advance to the Council, with regard to that matter, and

33.5.4 the Council Member has a rational basis for believing and shall believe, that the decision was in the best interests of the Institute.

33.6 Council Members shall be entitled to rely on the performance by one or more employees of the Institute whom the Council Members reasonably believe to be reliable and competent in the functions performed, or the information, opinions, reports or statements provided by legal counsel, accountants or other professional persons retained by the Institute, as to matters involving skills or expertise that the Council Members reasonably believe are matters within the particular person's professional or expert competence or as to which the particular person merits confidence.

34. INDEMNIFICATION AND INSURANCE

34.1 The Institute may purchase market related insurance to protect the Institute and/or Council Members against any liability or expenses arising from the holding of office of Council Member and the execution of the duties pertaining thereto.

35. FUNDS OF THE INSTITUTE

- 35.1 Substantially the whole of the Institute's funding must be derived from its members or from an appropriation by the government of the Republic in the national, provincial or local sphere.
- 35.2 Substantially the whole of the activities of the Institute shall be directed to the furtherance of its objects and not for the specific benefit of an individual member or minority group.
- 35.3 The Institute shall utilise substantially the whole of its funds for the sole or principal object for which it has been established.
- 35.4 The Institute shall not distribute any surpluses or gains by way of dividend or otherwise to its members or to any other person.
- 35.5 Should the Institute be wound up, a person who has ceased to be a Member or the executors, administrators, heirs or assigns of such person, shall in no circumstances have any claim to or against the Institute by reason only of such previous membership.
- 35.6 No activity of the Institute will directly or indirectly promote the economic self interest of any fiduciary or employee of the Institute otherwise than by way of reasonable remuneration.
- 35.7 The Institute may not have a share or other interest in any business, profession or occupation which is carried on by its members.
- 35.8 All costs and expenses lawfully incurred by the Council in connection with the administration of the Institute, including but not limited to their remuneration and remuneration for any person employed by the Institute, shall be paid from the funds of the Institute.
- 35.9 No funds will be distributed to any person other than in the course of undertaking any public benefit activity contemplated in this Constitution.
- 35.10 No remuneration will be paid to any employee of the Institute, office bearer, Member or other person which is excessive, having regard to what is generally

considered reasonable in the sector and in relation to the service rendered and has not and will not economically benefit any person in a manner which is not consistent with the objects of the Institute.

36. FINANCIAL STATEMENTS AND AUDIT

36.1 The Council shall cause records to be properly kept of all transactions undertaken in the name of the Institute and an annual report and summary of the financial statements to be prepared and circulated to Members. Such statements shall be audited by a firm of registered accountants and auditors appointed by the Council.

36.2 The remuneration of the auditor shall be determined by agreement between the Council and the auditor and shall be disclosed in the annual financial statements.

36.3 The financial year of the Institute shall terminate on the last day of December in each Year or such other day as the Council may determine.

37. NOTICES AND DOMICILLIA

37.1 Each Member shall notify the Institute in writing of at least an electronic mail address and a fax number, and a physical or postal address, each of which shall be deemed to be the Members' registered address within the meaning of the Constitution for purposes of any communication with the member, delivery of notices and publication of any information required in terms of this Constitution and/or the Act.

37.2 If the Member has not notified the Institute of at least the electronic mail address as referred to above, the Member shall be deemed to have waived his right to be served with any notice of the Institute. Electronic (e-mail) communication shall be the preferred method of communication with members.

38. BY-LAWS AND CODE OF CONDUCT

38.1 The Council shall be responsible for drafting and adopting the By-Laws and Code of Conduct.

38.2 The Council may from time to time amend the By-Laws and Code of Conduct or make new By-Laws and Codes of conduct and such amended or new By-Laws and Codes of Conduct shall be binding upon the Members.

39. **INDEMNITIES**

39.1 Every member of the Council or of any committee appointed by the Council and every Officer and employee of the Institute shall be indemnified by the Institute against claims made against him and any losses and expenses incurred by him in or about the execution of his duties, except claims, losses or expenses arising from his own dishonesty or wilful default.

39.2 No Member of the Institute shall have any claim against the Institute, or against a member of the Council or of any committee appointed by it, or against any officer or employee of the Institute, in respect of anything done *bona fide* by it or them or any of them in the execution of their duties.

40. **LIMITATIONS OF LIABILITY**

40.1 A Member shall not have any liability for any commitments undertaken by the Institute. All persons shall be deemed to contract or deal with the Institute on this basis.

40.2 The liability of a Member is limited to the payment to the Institute of any outstanding fees, subscriptions and contributions and to the settlement of any other debts to the Institute which he/it may have incurred.

41. **AMENDMENT OF CONSTITUTION**

41.1 The Constitution may from time to time be amended by way of Special Resolution at a general meeting of which the requisite notice has been given and containing full particulars of the proposed amendments.

41.2 Notwithstanding the above, the Council is empowered to take whatever steps necessary (including amending the Constitution) to ensure that the Institute complies with the requirements of the Income Tax Act No 58 of 1962 (as

amended) ("the Income Tax Act") as it relates to public benefit organisations approved by the Commissioner in terms of Section 30 and Section 30B of the Income Tax Act.

41.3 Notwithstanding the above, the Council is empowered to amend the Constitution:

41.3.1 In compliance with a Court Order in the following manner: an amendment the Constitution required by any Court Order must be effected by a resolution of the Council and does not require a Special Resolution.

41.3.2 To comply with any legal and/or statutory requirement imposed upon the Institute and/or its members from time to time, in the following manner: an amendment to Constitution must be effected by a resolution of the Council and does not require a Special Resolution.

41.4 The Counsel or any person authorised by the Council to do so, may alter any of the provisions of this Constitution to correct any patent errors in spelling, punctuation, reference, grammar or similar defect on the face thereof.

41.5 Any amendment of the Constitution must be submitted to the Commissioner of the South African Revenue Service in terms of the provisions of section 30 of the Income Tax Act.

42. COMPLIANCE AND TAX EXEMPTION: SECTION 30B OF THE INCOME TAX ACT (ACT 58 OF 1962, AS AMENDED)

In amplification of that which has been set out above, and in confirmation of the Council's mandate to ensure compliance with all legislative and statutory obligations imposed on the Institute, and with a view toward complying with the provisions of Section 30B with regard to the tax exempt status of the Institute, and notwithstanding anything to the contrary contained in this Constitution or the By-Laws or Code of Conduct, the following provisions shall take precedence and shall apply without exception:

42.1 The Council shall always consist of at least three persons who are not connected persons in relation to each other and who shall accept the fiduciary responsibility

of the Institute. The aforementioned members of the Council shall submit any amendment of this Constitution to the Commissioner for the South African Revenue Services within thirty days of the amendment.

- 42.2 No single person shall directly or indirectly control the decision making powers of the Institute.
- 42.3 The Institute shall not directly or indirectly distribute any of its funds or assets to any person other than in the course of furthering its objectives.
- 42.4 The Institute shall utilise substantially the whole of its funds for the principal objectives for which it has been established.
- 42.5 No member shall directly or indirectly have any personal or private interest in the Institute.
- 42.6 Substantially the whole of the activities of the Institute shall be directed to the furtherance of its principal objectives and not for the specific benefit of an individual or a minority group.
- 42.7 The Institute shall not have a share or other interest in any business, profession or occupation which is carried on by its members.
- 42.8 The Institute shall not pay any employee, office bearer, member or other person any remuneration which is excessive having regard to what is generally considered reasonable in the sector and in relation to the services rendered.
- 42.9 Substantially the whole of the Institute funding shall be derived from its annual or other long-term members or from an appropriation by the Government of the Republic in the national, provincial or local sphere.
- 42.10 The Institute shall as part of its dissolution transfer its assets to:
 - 42.10.1 Another Institute or public benefit organisation approved by the Commissioner for the South African Revenue Services;
 - 42.10.2 An institution, board or body which is exempt from tax; or

42.10.3 The Government of the Republic of South Africa in the national, provincial or local sphere.

42.11 The Institute shall comply with such reporting requirements as may be determined by the Commissioner for the South African Revenue Services from time to time.

42.12 The Institute shall not knowingly become a party to or permit itself to be used as part of an impermissible avoidance arrangement contemplated in Part IIA of Chapter III of the Income Tax Act or a transaction, operation or scheme contemplated in Section 103(5) of the Income Tax Act.

42.13 The Council is empowered to amend the provisions of this Constitution should the South African Revenue Service change the requirements to achieve and/or hold tax exempt status or if the board is of the opinion that tax exempt status is no longer required.

43. AMALGAMATION

With the approval by Special Resolution of members who are present in person or by proxy at a general meeting duly convened and constituted for that purpose, the Institute may amalgamate or incorporate or join with other bodies of stockbrokers or financial market professionals in the Republic of South Africa or elsewhere, whether or not incorporated by statute, provided those other bodies have objects similar to those of the Institute and are exempt from liability to pay income tax in terms of section 10(1)(cB)(i)(ff) of the Income Tax Act No 58 of 1962 (as amended). For this purpose the Institute may take over and assume the assets and liabilities of those bodies of stockbrokers including books, records, documents and coats of arms or may take over part or all of the assets and liabilities of the Institute.

44. WINDING UP

44.1 The institute may be wound up by way of a Special Resolution of Members who are present in person or by proxy at a general meeting duly convened and constituted for that purpose.

44.2 Members shall not have any claim in respect of any surplus that there may be on winding up of the Institute.

44.3 Upon its being wound up any funds or assets of the Institute remaining after the payment of the debts and expenses of the Institute and the costs of winding up shall be given or transferred to such other associations, bodies or institutions with objects similar to those of the Institute, as the Council shall decide, provided that such associations, bodies or institutions are themselves exempt from liability to pay income tax in terms of section 10(1)(cB)(i)(ff) of the Income Tax Act No 58 of 1962 (as amended) or such associations, bodies or institutions are approved by the Commissioner in terms of section 30 of the Income Tax Act No 58 of 1962 (as amended).

Signed in confirmation at Johannesburg on this 15th day of October 2015.

Erica Bruce
President
South African Institute of Stockbrokers

Alphonso A Raats
Chairman
South African Institute of Stockbrokers

Malcolm Robert Johnson
Public Officer
South African Institute of Stockbrokers