

# SECURITIES LENDING SUMMARY GUIDE

EasyEquities

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## EasyEquities Securities Lending Transactions Summary Guide

This table summarises the key features of your Securities Lending Transactions with us, so that you can use it as a guide when reading the legal terms and conditions set out in clause 36 of the EasyEquities Terms and Conditions and the Securities Lending Agreement.

<b>What is “securities lending” and what are the benefits and risks</b>	
What is securities lending?	<p>In order to assist you in understanding Securities Lending Transactions, it is important for you to understand what “securities lending” is. In simple terms, securities lending is the term used to describe the process where investors make short-term loans of the securities in their portfolio to a third party borrower for a fee. Lenders engage in securities lending to generate additional income and are thereby able to earn an incremental return on their investment portfolio.</p> <p>This means that you, as the lender, will loan the Whole Securities in your Account to us as the third party borrower in exchange for a monthly Securities Lending Fee. For more information on the Securities Lending Fee, see heading “Your income” below.</p>
Why did FWT implement Securities Lending Transactions?	FWT implemented Securities Lending Transactions in order to enable you to earn additional income on the Whole Securities in your Account while you are not Trading with them.
Benefits of entering into Securities Lending Transactions with us	<p>You will receive a monthly Securities Lending Fee from us which means you will earn additional income on the Whole Securities which you own which income is in addition, to the normal returns such as Dividends which you earn on your Whole Securities.</p> <p>If you hold FSRs, we will also pay you a monthly Securities Lending Fee if we loan out our securities (the FWT Equities) which we purchased to hedge our obligations to you in respect of your FSRs even though your FSRs cannot be subject to a Securities Lending Transaction/Loan.</p>
Risks of entering into Securities Lending Transactions with us	<p>The main risk is that we are not able to return equivalent Whole Securities to you when the Loan is terminated. To combat this risk, we provide you with Equity Collateral to the value of 115% of your Whole Securities and/or FWT Cash Collateral and we cede to you our rights under a Third Party Borrower Guarantee. This means that you are fully collateralised (ie covered) in the event that we are not able to return equivalent Whole Securities to you when the Loan is terminated.</p> <p>Should the value of your Equity Collateral fall below the market value of the Whole Securities which you have lent to us under the Loan after 12pm on a particular Business Day, we will only be able to deliver further Equity Collateral to you the next Business Day. Should we go insolvent before the next Business Day, we will be unable to perform this delivery of Equity Collateral. In such a scenario any FWT Cash Collateral and the rights under a Third Party Borrower Guarantee will be relied on.</p> <p>The FWT Cash Collateral is invested by us, and is therefore exposed to general investment risk. We will only invest the FWT Cash Collateral in cash and cash equivalent instruments with a creditworthy bank, so this risk is negligible.</p> <p>There is a similar level of operational risk in Securities Lending Transactions as there is when you Trade Securities in your Account. We continuously evaluate and enhance our systems to minimise the operational risk.</p>

### Key aspects of Securities Lending Transactions

Parties	<ul style="list-style-type: none"> <li>You and FWT will enter into Securities Lending Transactions.</li> <li>You will act in your capacity as principal lender to all Securities Lending Transactions.</li> <li>FWT will act in our capacity as principal borrower to all Securities Lending Transactions.</li> </ul>
What are Securities Lending Transactions?	<ul style="list-style-type: none"> <li>They are Loans of your Whole Securities which we borrow from you in exchange for a Securities Lending Fee and we agree to return equivalent Whole Securities to you at the end of the Loan, or when a Loan is terminated. A portion of the Securities Lending Fee relates to FSR's in respect of which we hold the underlying instrument but in respect of which you derive an economic return in proportion to your underlying beneficial interest.</li> </ul>
What are equivalent Whole Securities?	<ul style="list-style-type: none"> <li>Equivalent Whole Securities means Securities, of an identical type, nominal value, description and amount to the Whole Securities which are the subject of a Loan. For example, if we borrow 50 Naspers shares from you, at the end of the Loan or on termination of the Loan, we will return 50 Naspers shares back to you.</li> </ul>
How is a Loan initiated?	<ul style="list-style-type: none"> <li>All of your Whole Securities in your Account will be automatically available for us to borrow.</li> </ul>

	<ul style="list-style-type: none"> <li>We will initiate Loans without notice via the Platform in our discretion from time to time.</li> <li>We will only borrow your Whole Securities if there is demand in the lending market for your Whole Securities at a reasonable fee.</li> <li>If you want to opt-out of Securities Lending Transactions with us, you must send us an email to <a href="mailto:helpme@easyequities.co.za">helpme@easyequities.co.za</a>. Once we have confirmed in writing to you that we have received your opt-out request, we will not borrow any of your Whole Securities and we will terminate any existing Securities Lending Transactions we have with you. See clause 36.8 of the EasyEquities Terms and Conditions.</li> </ul>
How is a Loan terminated?	<ul style="list-style-type: none"> <li>Your Loans may be terminated in accordance with the provisions of the GMSLA and Schedule (see summary guide below).</li> <li>Your Loans will automatically terminate if, for example, you close your Account or place an Order via the Platform to sell the Whole Security which you lent to us.</li> </ul>
Regulation	<ul style="list-style-type: none"> <li>Our Securities Lending Transactions are subject to: <ul style="list-style-type: none"> <li>the Securities Transfer Tax Act, 2007 ("<b>STT Act</b>"); and</li> <li>the Consumer Protection Act, 2005 - see clause 1.6 of the Agreement.</li> </ul> </li> </ul>

#### Documentation required

What agreements must be signed?	<ul style="list-style-type: none"> <li>You must enter into a Securities Lending Agreement with us.</li> <li>The Securities Lending Agreement takes the form of a GMSLA and Schedule.</li> <li>The GMSLA and Schedule are attached to this Agreement as Annexure J and K, respectively.</li> </ul>
What is a GMSLA & Schedule?	<ul style="list-style-type: none"> <li>A GMSLA is a Global Master Securities Lending Agreement published by the International Securities Lending Association Inc.. It is a market standard document used globally for Securities Lending Transactions.</li> <li>A Schedule is a Schedule to the GMSLA published by the South African Securities Lending Association which sets out the specific terms and conditions which will apply to the Loans entered into between us. It is a market standard document used for Securities Lending Transactions in South Africa.</li> </ul>
Why are we using a GMSLA & Schedule?	<ul style="list-style-type: none"> <li>They are the market standard agreements used for Securities Lending Transactions.</li> </ul>

#### What protections do you have?

Collateral	<ul style="list-style-type: none"> <li>When we borrow your Whole Securities from you, we will make sure that you receive security for our obligations owing to you under the Securities Lending Transactions. This is called collateral.</li> <li>In particular we will provide you with Equity Collateral. This means that the collateral we will provide you with will be in the form of other Securities. We will also cede cash collateral to you as set out in clause 36 of the EasyEquities Terms and Conditions.</li> </ul>
How is Equity Collateral delivered?	<ul style="list-style-type: none"> <li>We will deliver (transfer) Equity Collateral to you so that you become the true beneficial owner of the Equity Collateral for the period of the Loan.</li> <li>The Equity Collateral that we deliver to you is held by us, for you, in terms of the mandate you provide to us in terms of clause 36.6(3) of the EasyEquities Terms and Conditions. You do not have access to this Equity Collateral unless there is an Event of Default.</li> <li>Your rights to such Equity Collateral arise from the terms and conditions of the Securities Lending Agreement.</li> </ul>
Other security	<ul style="list-style-type: none"> <li>We will also provide additional security by ceding the FWT Cash Collateral to you and by ceding our rights under a Third Party Borrower Guarantee to you in terms of clause 36.6(5) of the EasyEquities Terms and Conditions.</li> </ul>

### Your income

What income do you earn when you lend us your Whole Securities?	<ul style="list-style-type: none"> <li>As consideration for lending us your Whole Securities we will pay you a monthly Securities Lending Fee as set out in clause 36.5 of the EasyEquities Terms and Conditions.</li> <li>The Securities Lending Fee will be paid and calculated as set out in the Schedule and the amount of the Securities Lending Fee will be disclosed to you via the Platform.</li> <li>The Securities Lending Fee is subject to change in our sole discretion from time to time.</li> </ul>
Do you earn income if you hold FSRs?	<ul style="list-style-type: none"> <li>If you hold FSRs, we will also pay you a monthly Securities Lending Fee if we loan out our securities (the FWT Equities) which we purchased to hedge our obligations to you in respect of your FSRs even though your FSRs cannot be subject to a Securities Lending Transaction/Loan.</li> <li>The Securities Lending Fee which you earn will be disclosed to you via the Platform.</li> </ul>
What income does FWT earn in respect of the Loans?	<ul style="list-style-type: none"> <li>You acknowledge and agree that FWT may on lend the Whole Securities you lend to FWT and that FWT may earn certain income and fees from Third Party Borrowers under Third Party Lending Agreements -see clause 36 of the EasyEquities Terms and Conditions.</li> </ul>

### Key commercial terms of the GMSLA & Schedule

<p>In order to help you understand the terms of the GMSLA and the Schedule which you are agreeing to, we have set out plain language descriptions of the key commercial terms of the GMSLA and Schedule below. Please contact us if there is anything which you do not understand or if you need us to explain something in more detail.</p>	
Market terminology and transfer of ownership	<ul style="list-style-type: none"> <li>In this Agreement and in the GMSLA and Schedule the terms "borrow", "lend" and "collateral" are used. However, when we borrow your Whole Securities from you, they are delivered (transferred) to us outright, so that we become the true beneficial owner of the Whole Securities for the period of the Loan.</li> <li>Similarly, when we deliver Equity Collateral to you, the Equity Collateral is delivered (transferred) to you outright, so that you become the true beneficial owner of the Equity Collateral for the period of the Loan.</li> <li>When a Loan is terminated and we return equivalent Whole Securities to you, those equivalent Whole Securities are delivered (transferred) to you outright, so that you become the true beneficial owner of the equivalent Whole Securities.</li> </ul>
Loans	<ul style="list-style-type: none"> <li>In all Securities Lending Transactions, you are the Lender and FWT is the Borrower as defined in the GMSLA and Schedule.</li> <li>The Borrower (FWT) will borrow Whole Securities from the Lender (you).</li> </ul>
Delivery	<ul style="list-style-type: none"> <li>As the Lender you must procure delivery of the Whole Securities to FWT. FWT will arrange this on your behalf in terms of the Schedule.</li> <li>You and FWT will both take all steps necessary to give effect to the delivery (transfer) of Whole Securities, Equity Collateral and equivalent Whole Securities as the case may be.</li> <li>Delivery and outright transfer of ownership in the Whole Securities, Equity Collateral and equivalent Whole Securities as the case may be, will take place in accordance with the rules and procedures of the JSE Limited and Strate Limited.</li> </ul>
Collateral	<ul style="list-style-type: none"> <li>The only type of eligible Equity Collateral under the GMSLA and Schedule is South African Uncertificated Equities and South African Uncertificated Debt Securities. Loans must be 115% collateralised if South African Uncertificated Equities are used as Equity Collateral and 110% collateralised if South African Uncertificated Debt Securities are used as Equity Collateral.</li> <li>The delivery (transfer) of Equity Collateral to you will occur simultaneously with the delivery (transfer) to us of such Equity Collateral by a Third Party Borrower.</li> <li>Equity Collateral may be substituted at the instance of FWT in accordance with the provisions of the GMSLA and Schedule and you may be provided with alternative equity securities which are acceptable to you.</li> <li>During the term of any Loan, the value of the Equity Collateral will be marked-to-market daily on an aggregate basis. This means that the market value of all the Equity Collateral you hold on any given Business Day must always be equal to the market value of the Whole Securities which you lent to us under the Loan.</li> </ul>

	<ul style="list-style-type: none"> <li>• If the market value of the Equity Collateral exceeds the market value of the Whole Securities which you lent to us under the Loan, then you must return equivalent Equity Collateral to us to eliminate the excess.</li> <li>• If the market value of the Equity Collateral falls below the market value of the Whole Securities which you lent to us under the Loan, then FWT must provide more Equivalent Collateral to you to eliminate the short fall.</li> <li>• The timing of the return of excess Equity Collateral and the delivery of further Equity Collateral must comply with the requirements set out in the GMSLA and Schedule. We will manage this process on your behalf as we hold the Equity Collateral for you.</li> </ul>
Dividends	<ul style="list-style-type: none"> <li>• In the GMSLA and Schedule, Dividends are referred to as Income.</li> <li>• Clause 15 of the Schedule prescribes how you will be entitled to receive Income in respect of the Whole Securities which you lend to us.</li> <li>• Before any Income Record Date (as defined in clause) we will terminate the relevant Loan and deliver equivalent Whole Securities to you. The Issuer will thereafter pay you whatever Income you may be entitled to receive as a holder of the Whole Security returned to you.</li> </ul>
Corporate Actions and voting rights	<ul style="list-style-type: none"> <li>• Clause 15 of the Schedule prescribes how you will be entitled to participate in Corporate Actions in respect of the Whole Securities which you lend to us.</li> <li>• Before any Corporate Action Record Date we will terminate the relevant Loan and deliver equivalent Whole Securities to you. Thereafter you will participate in any Corporate Actions in which you may be entitled to participate as a holder of the Whole Security returned to you.</li> </ul>
Rates on Loans of Whole Securities	<ul style="list-style-type: none"> <li>• Rates will be agreed at the time of the applicable transaction based on the prevailing market pricing.</li> </ul>
Your right to terminate a Loan	<ul style="list-style-type: none"> <li>• You may terminate a Loan by placing an Order via the Platform to sell the Whole Security which you lent us.</li> <li>• FWT will return equivalent Whole Securities to you in terms of the provisions of the GMSLA and Schedule. FWT will therefore return equivalent Whole Securities to you within 4 days after you terminate a Loan with us.</li> <li>• You will return equivalent Equity Collateral to us in terms of the provisions of the GMSLA and Schedule. FWT will arrange the return of the equivalent Equity Collateral to itself, on your behalf, which return of Equity Collateral will happen within 4 days after you terminate a Loan with us.</li> </ul>
Our right to terminate a Loan	<ul style="list-style-type: none"> <li>• FWT has the right to terminate any Loan at any time and to return equivalent Whole Securities to you.</li> <li>• FWT has the right to terminate any Loan prior to any Income Record Date or Corporate Action Record Date as contemplated in clause 15 of the Schedule.</li> <li>• FWT will return equivalent Whole Securities to you in terms of the provisions of the GMSLA and Schedule. FWT will therefore return equivalent Whole Securities to you within 4 days after you terminate a Loan with us.</li> <li>• You will return equivalent Equity Collateral to us in terms of the provisions of the GMSLA and Schedule. FWT will arrange the return of the equivalent Equity Collateral to itself, on your behalf, which return of Equity Collateral will happen within 4 days after we terminate a Loan with you.</li> </ul>
Our failure to return equivalent Whole Securities	<ul style="list-style-type: none"> <li>• If FWT fails to return equivalent Whole Securities to you then you may either: <ul style="list-style-type: none"> <li>○ continue with the relevant Loan; or</li> <li>○ terminate the Loan on written notice to us in accordance with the provisions of the GMSLA and Schedule.</li> </ul> </li> <li>• Termination of the Loan by you in these circumstances will entitle you to: <ul style="list-style-type: none"> <li>○ take full ownership of the Equity Collateral up to the Default Market Value of the equivalent Whole Securities that we have failed to return to you; and/or</li> <li>○ take over the FWT Cash Collateral up to the Default Market Value of the equivalent Whole Securities that we have failed to return to you.</li> </ul> </li> <li>• The combination of taking full ownership of the Equity Collateral and taking over the FWT Cash Collateral must not exceed the Default Market Value of the equivalent Whole Securities that we have failed to return to you.</li> </ul>

<p>Consequences of failure to deliver</p>	<ul style="list-style-type: none"> <li>• Where either of us fails to deliver ("<b>Transferor</b>") to the other party ("<b>Transferee</b>"); and</li> <li>• the Transferee:             <ul style="list-style-type: none"> <li>○ incurs interest, overdraft or similar costs and expenses; or</li> <li>○ incurs costs and expenses as a direct result of a Buy-in exercised against it by a third party;</li> </ul> </li> <li>• Then the Transferor must pay within one Business Day of demand by the Transferee all reasonable costs and expenses listed above which were properly incurred and which arise directly from the Transferee's failure:             <ul style="list-style-type: none"> <li>○ excluding costs arising from negligence or wilful default of the Transferee; and</li> <li>○ excluding indirect or consequential losses.</li> </ul> </li> <li>• A Buy-in occurs where the Transferee is entitled to buy or otherwise acquire securities equivalent to the securities which were not delivered and to recover the cost of doing so from the Transferor.</li> </ul>
<p>Events of Default</p>	<ul style="list-style-type: none"> <li>• Each of the following events constitutes an Event of Default if the Non-Defaulting Party serves a notice of such on the Defaulting Party:             <ul style="list-style-type: none"> <li>○ if either of us fail to pay or repay Cash Collateral or to deliver Equity Collateral on commencement of the Loan or to deliver further Collateral as required;</li> <li>○ if either of us fail to comply with our obligations to pay the manufactured payment to the other of us to whom it is due upon the due date, and the Defaulting Party fails to remedy this non-payment within three Business Days after the service of the written notice by the Non-Defaulting Party;</li> <li>○ if either of us fails to pay any sum due for failure to deliver;</li> <li>○ if you breach your warranties to us that you are duly authorised to perform your duties under the Securities Lending Agreement, that you are not restricted from lending Securities, that you are entitled to pass full legal and beneficial ownership of all Securities and that you are acting as principal in respect of the Securities Lending Agreement;</li> <li>○ if we breach our warranties to you that we have all necessary licences and approvals and are duly authorised to perform our duties under the Securities Lending Agreement, that we are not restricted from borrowing Securities, that we are entitled to pass full legal and beneficial ownership all Collateral and that we are acting as principal in respect of the Securities Lending Agreement;</li> <li>○ if either of us admits to the other that we are unable to, or intend not to, perform any of our obligations under the Securities Lending Agreement;</li> <li>○ if either of us has all or any material part of our assets transferred or ordered to be transferred to a trustee (or person exercising similar functions) by a regulatory authority;</li> <li>○ if you (if applicable) or us, is declared in default or is suspended or expelled from membership of, or participation in, any securities exchange or suspended or prohibited from dealing in securities by any regulatory authority, in each case on the grounds that you (if applicable) or we have failed to meet any requirements relating to financial resources or credit rating;</li> <li>○ if either of us fails to perform any other obligations under the Securities Lending Agreement, which failure is not remedied within 30 days after the Non-Defaulting Party issues a written notice on the Defaulting Party;</li> <li>○ if either of us commences business rescue proceedings in terms of section 136 of the Companies Act, 2008;</li> <li>○ if either of us is wound up by a court in accordance with section 344 of the Companies Act, 1973 or section 81 of the Companies Act, 2008;</li> <li>○ if either of us is deemed "financially distressed" in accordance with section 128(1)(f) of the Companies Act, 2008;</li> <li>○ if either of us is deemed to be unable to pay our respective debts, as contemplated in section 345 of the Companies Act, 1973;</li> <li>○ if an application is made for the voluntary winding up of either of us in terms of section 348, 350, 351 of the Companies Act, 1973 or section 80 of the Companies Act, 2008; or</li> <li>○ if an application is made to the court by creditors of either of us to be placed in liquidation in circumstances where its liabilities exceed its assets.</li> </ul> </li> <li>• The effect of an Event of Default after a notice is issued by the Non-Defaulting Party on the Defaulting Party is that the value of the Equivalent Securities to be returned by us to you, and the value of the</li> </ul>

	Equity Collateral to be returned by you to us will be calculated by the Non-Defaulting Party. These values will be set-off and the balance paid to whomever it is owed.
Automatic Early Termination	<ul style="list-style-type: none"> <li>Where either of us commits an act of insolvency which is the presentation of a petition for the winding up or similar proceeding or the appointment of a liquidator or similar officer, then the Automatic Early Termination provisions of the GMSLA and Schedule will apply and the party which is not in default need not serve any written notice of termination on the party which has committed the act of insolvency.</li> <li>The effect of Automatic Early Termination is that the value of the Equivalent Securities to be returned by us to you, and the value of the Equity Collateral to be returned by you to us will be calculated by the Non-Defaulting Party. These values will be set-off and the balance paid to whomever it is owed.</li> </ul>
Interest on outstanding payments	<ul style="list-style-type: none"> <li>The rate of default interest is 2% above the prime rate of interest from time to time charged by Mercantile Bank Limited</li> </ul>
Securities Transfer Tax	<ul style="list-style-type: none"> <li>FWT will ensure that each Loan is a "lending arrangement" as defined in the STT Act.</li> <li>FWT will ensure that each Loan terminates and equivalent Whole Securities are delivered to you on a Business Day that occurs less than 12 calendar months (or such other time as may be prescribed by the STT Act) from the date on which the Whole Securities were lent to FWT.</li> <li>FWT indemnifies you against any losses you may suffer if for any reason the Loan does not constitute a "lending arrangement" as defined in the STT Act.</li> <li>FWT will ensure that each delivery of Equity Collateral constitutes a "collateral arrangement" as defined in the STT Act.</li> <li>FWT will recall equivalent Equity Collateral on a Business Day that occurs less than 24 calendar months (or such other time as may be prescribed by the STT Act) from the date on which the Equivalent Collateral was delivered to you.</li> <li>If FWT recalls equivalent Equity Collateral and you fail to deliver equivalent Equity Collateral to FWT, then you indemnify FWT against any losses we may suffer if for any reason the delivery of Equity Collateral does not constitute a "collateral arrangement" as defined in the STT Act.</li> <li>In all other circumstances, each of us will be responsible for our own securities transfer tax and other tax liabilities (including without limitation, any income tax, capital gains tax, etc) if for any reason the delivery of Equity Collateral does not constitute a "collateral arrangement" as defined in the STT Act.</li> </ul>