

2005-09-01

Dear

SOUTH AFRICAN RESERVE BANK SHARES (“SARB Shares”): OVER-THE-COUNTER SHARE TRANSFER FACILITY – CHANGE FROM THE CURRENT CLOSED AUCTION SHARE TRADING FACILITY TO A LIVE TRADING FACILITY

On 2 May 2002 the Bank’s shares were delisted from the JSE Securities Exchange South Africa and are now traded via the Over-the-Counter Share Transfer Facility (“OTCSTF”). The rules and regulations governing the OTCSTF were approved by the Board of Directors at the Board meeting of 22 February 2002.

Since the implementation of the OTCSTF on 1 June 2002 certain areas of concern were identified with regard to the daily/monthly administration of the OTCSTF.

Owing to matters such as the non-availability of bid or offer prices, that the auction process only takes place once per month and that trading results are available only three weeks after the close of any OTCSTF cycle, it was realised that the closed auction manner of trading the Bank’s shares may have become inappropriate and user unfriendly.

In view of the above, I advise that the Board of directors of the Bank, at its meeting of 25 February 2005, approved a recommendation that a Live Trading Facility be established for the trading of the Bank's shares, in the stead of the current monthly closed auction share trading facility.

Accordingly a set of new rules relating to the live trading facility were approved by the Board of Directors at its meeting held on 1 July 2005, for implementation on 1 October 2005.

Owing to the low volume of shares traded (an average of approximately two transactions per month), the new rules do not constitute major changes to the current set of rules. However, for information purposes, it is regarded as important to highlight the following changes to the present set of rules which will also have an impact on the present OTCSTF procedures.

Live Trading - As described in item 3 of the new rules, a copy of which is enclosed for your records, live trading – “shall operate as a live trading facility by means of postal, facsimile or e-mail communication”. In this regard it is essential to note that shares will not be traded by means of telephone communication. Telephonic trading will, *inter alia*, require certain costly security measures and the low volume of shares traded do not justify such expenditure for the necessary security infrastructure.

Offer Period - Contrary to the present rules, all offers not immediately matched will be treated as standing offers, as per item 1.2.2.20 of the new rules and will remain so for a period of six months if not successfully matched, whereafter they shall automatically lapse.

Trading Hours (Office Hours) - To cater for certain administrative procedures, the trading hours to trade in SARB shares on the OTCSTF will be 08:00 – 15:00 on any business day.

Matching of Offers - As contemplated in item 4 of the new rules, offers received by the transfer manager will be matched continuously during trading hours upon receipt of offers from buyers and sellers. All successfully matched transactions will be recorded in an official register, styled the “Transaction Register” and all offers not matched immediately will be treated as standing offers.

Settlement - Provision has also been made for prospective buyers to make payment in respect of the purchase price due in terms of the sale, by means of an electronic transfer directly into the account of the Bank. Such electronic transfer facility is in addition to the current acceptable payment method of either a bank cheque or bankers draft. Banking account details will be advised to successful buyers in writing.

Administration - In addition to the "Transfer Register", the transfer manager will also maintain a "Sell Offer Register" wherein all sell offers will be recorded as well as a "Buy Offer Register" to record all buy offers received as contemplated in items 3.2 and 3.3 of the new rules respectively.

Shares Information - Salient information relative to the trading of shares of the Bank such as share prices and volumes, shares available and transactions concluded will at all times be available on the Bank's web-site and will continuously be updated. In addition, information can also be obtained telephonically from the offices of the transfer manager and transfer secretary.

In conclusion, it will be noted that the new rules, in their entirety, as well as the new buy form and sell form (copies of which are also attached), have been re-structured and streamlined to be more user-friendly.

Copies of the new rules, buy and sell forms will at all times be obtainable from the:

- Transfer Manager's office or the Transfer Secretary's office;
 - Physical address:
South African Reserve Bank
370 Church Street
PRETORIA
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Or

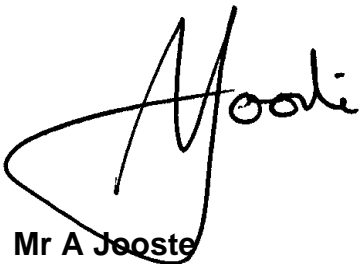
- Postal address:
PO Box 427
PRETORIA
0001

- Telephone : (012) 313 3061 or (012) 313 3350 respectively
- Telefacsimile : (012) 313 4090
- E-mail : OTCSTF@resbank.co.za

- Bank's web-site : www.reservebank.co.za
- Bank's branches

Should you require any further elucidation of the OTCSTF and the aforesaid new rules, you may contact the transfer manager, Mr E Brand, at telephone number (012) 313 3061 or the transfer secretary, Mr A Jooste, at telephone number (012) 313 3350.

Yours sincerely

A handwritten signature in black ink, appearing to read 'A Jooste', with a large, stylized flourish on the left side.

Mr A Jooste

TRANSFER SECRETARY