

Notice regarding shares in the South African Reserve Bank

The South African Reserve Bank (SARB) wishes to advise that, as a result of the regularisation of certain shareholding in the SARB, its shares are expected to become more readily available for sale in the market with effect from the latter part of this year. These shares may, subject to certain legal provisions, be acquired by members of the general public who are interested in holding shares in the SARB.

In this regard the public's attention is drawn to the fact that any person may acquire shares in the SARB provided that such a person, together with his or her or its associates does in the aggregate not (whether prior to or after such acquisition) hold more than 10 000 shares. Associates include close relatives of a shareholder or, in the case of a juristic person, related entities. A full description of what constitutes an 'associate' in relation to a shareholder or prospective shareholder is contained in the South African Reserve Bank Act, 1989 (Act No. 90 of 1989 (the Act)).

The SARB is one of a small number of central banks in the world that has private shareholders. The rationale behind such private shareholding is to afford members of the public an opportunity to contribute to the governance of the SARB, a public interest institution whose objectives are enshrined in the Constitution.

It is, however, important that persons purchasing shares in the SARB are aware of other limitations imposed in the Act on such shareholding. It includes the payment of a fixed dividend of 10c per share per annum (depending on whether net profits are available) and the election of 7 non-executive directors to the 15-person Board of the SARB (the Board). The rest of the Board, which includes the Governors, are appointed by Government. At a meeting of shareholders of the SARB, a shareholder (together with his, her or its associates, as the case may be) is entitled to one vote in respect of every 200 shares held for not less than six months prior to the date of the meeting, to a maximum of 50 votes. A shareholder not ordinarily resident in the Republic of South Africa may not vote at such a meeting of shareholders.

Business conducted at the annual general meeting of shareholders of the SARB includes the presentation and discussion of the minutes of previous meetings, its financial statements for the preceding year and a report of the Board on its business and state of affairs. Shareholders also elect persons as non-executive directors into vacancies on the Board as contemplated above, appoint the auditors and approve their remuneration, and conduct business related to the above. Shareholders do not fulfil any function, directly or indirectly, with regard to the formulation or implementation of any policies related to monetary policy or financial stability by the SARB.

Members of the public who do not already hold the maximum number of shares permitted in terms of the Act are invited and encouraged to purchase shares in the SARB as and when they become available. Shares may be acquired by means of an over-the-counter share trading facility (OTCSTF) maintained by the SARB or directly from a seller. The latter type of transaction has legal force and effect only once the transaction has been officially registered by the SARB.

The Act and the OTCSTF rules, as well as other detail relating to shareholding in the SARB (including offers for sale of such shares through the OTCSTF) appear on the official website of the SARB at www.resbank.co.za.



South African Reserve Bank