

CONSTITUTION OF FRANC STOKVEL

1. Interpretation

1. In this Constitution –
 - 1.1.1. a reference to an “**article**” by number refers to the corresponding article in this Constitution;
 - 1.1.2. a reference to “**business days**” means any day other than a Saturday, Sunday or public holiday in the Republic of South Africa;
 - 1.1.3. unless specifically otherwise provided, any number of days prescribed shall be determined by excluding the first and including the last day or, where the last day falls on a day that is not a business day, the next succeeding business day; and
 - 1.1.4. if the due date for performance of any obligation in terms of this Constitution is a day which is not a business day then (unless otherwise stipulated) the due date for performance of the relevant obligation shall be the next succeeding business day.

2. Definitions

- 2.1. In this Constitution, the following words shall have the meanings ascribed to them hereunder unless the context indicates otherwise –
 - 2.1.1. “**Accounts**” means any bank account or investment account held by the Franc Stokvel;
 - 2.1.2. “**App**” means the mobile or tablet application used by Members to register, specify and potentially make Contributions, choose Funds and maintain bank and contact information;
 - 2.1.3. “**Constitution**” means this governing document;
 - 2.1.4. “**Contributions**” means the monetary contributions (of any amount) paid by Members to the Franc Stokvel as contemplated in article 5;
 - 2.1.5. “**ECTA**” means the Electronic Communications and Transactions Act, No. 25 of 2002, as amended from time to time;
 - 2.1.6. “**Financial Services**” means investment, insurance, credit products or any other financial services that the Governing Body may deem beneficial to Members’ interests;
 - 2.1.7. “**Franc Stokvel**” means the stokvel governed in terms of this Constitution;
 - 2.1.8. “**Funds**” means investment funds made available to Members;
 - 2.1.9. “**Governing Body**” means the governing body of the Franc Stokvel, the rights and duties in respect of which are specified in article 8;
 - 2.1.10. “**Investment Allocations**” means the proportion of a Member’s Contribution to be allocated to the respective Funds, as specified by a Member;
 - 2.1.11. “**Investment Returns**” means a Member’s *pro-rata* share of the interest, dividends and/or capital growth or losses pursuant to Investment Allocations after costs incurred;

- 2.1.12. “**Law**” means any law of general application and includes the common law and any statute, constitution, decree, treaty, regulation, directive, ordinance, by-law, order or any other enactment of legislative measure of government (including local and provincial government) statutory or regulatory body which has the force of law;
- 2.1.13. “**Member**” means a registered member of the Franc Stokvel with a positive investment balance;
- 2.1.14. “**Member’s Account**” means the bank account nominated and verified by a Member for the payment of Withdrawal Amounts as specified in article 6.
- 2.1.15. “**NAV**” means the net asset value of the Franc Stokvel, being the total of all Contributions held in the Accounts for the benefit of Members, including investment returns thereon, less any liabilities owed by the Franc Stokvel;
- 2.1.16. “**Ordinary Resolution**” means an ordinary resolution of members as specified in article 7.6;
- 2.1.17. “**Portfolio**” means the total of a Member’s *pro-rata* share of the NAV;
- 2.1.18. “**Stokvel Email Address**” means the Franc Stokvel email address to which Members can submit any queries or propose any resolutions, being stokvel@franc.app
- 2.1.19. “**Terms and Conditions**” means the terms and conditions of use of the App;
- 2.1.20. “**Third Party Service Providers**” means any third party service providers who have been appointed by the Governing Body to assist the Governing Body with the governance of the Franc Stokvel and/or provision of any Financial Services;
- 2.1.21. “**Withdrawal Amounts**” means any part of the Portfolio withdrawn by a Member pursuant to article 6.

3. Purpose

The purpose of the Franc Stokvel is to provide a means through which Members can pool their investment contributions in order to access leading Funds with the ambition of generating investment returns for its Members and potentially providing access to additional Financial Services.

4. Members

- 4.1. To become a Member of the Franc Stokvel a person must –
 - 4.1.1. agree to be bound by this Constitution; and
 - 4.1.2. download the App (which includes agreeing to the Terms and Conditions) through which Members will:
 - 4.1.2.1. supply the Governing Body, via the App (or otherwise), with its, his or her –
 - 4.1.2.1.1. entity name;

- 4.1.2.1.2. registration number;
- 4.1.2.1.3. registered address; or
- 4.1.2.1.4. full name and surname (as it appears on his or her identity document or passport);
- 4.1.2.1.5. national ID or passport number;
- 4.1.2.1.6. proof of identity;
- 4.1.2.1.7. proof of residence; and
- 4.1.2.1.8. email address;
- 4.1.2.1.9. contact number;
- 4.1.2.1.10. banking details;
- 4.1.2.2. specify and potentially make their Contribution; and
- 4.1.2.3. specify their Investment Allocations.

4.2. Members are responsible for their investment profile, selected in the App, and the associated allocation of Contributions to Funds and/or selecting what other Financial Services they choose to utilise through the App.

5. Contributions

- 5.1. Members can make periodic or lump sum Contributions, once-off or ad hoc, by depositing monies into the Account.
- 5.2. Subject to any Law, Contributions will be transferred to the Funds nominated by the Members as timeously as possible but are subject to the transaction processing times of the underlying Funds.
- 5.3. Contributions shall be credited to that Member's Portfolio on the day that they reflect in the applicable Fund or Funds.
- 5.4. Contributions shall form part of the NAV and all Contributions shall participate on a *pro-rata* basis in the Investment Returns.
- 5.5. Members can view Contributions, Investment Returns, Portfolio balances and Portfolio transactions at any time via the App.
- 5.6. In the event that the App cannot be accessed or cannot provide the information as specified in article 5.5, Members will be entitled to request, via email to the Stokvel Email Address, such information which will be made available to a Member, no later than 14 (fourteen) days after any such request.

6. Withdrawal

- 6.1. A Member can request Withdrawal Amounts, either in total or from any Fund, via the App or via email to the Stokvel Email Address.

- 6.2. A Withdrawal Amount will be paid via electronic funds transfer (“EFT”) to the Member’s Bank Account as timeously as possible subject to the transaction processing times of the Funds or any other restrictions imposed on the Portfolio.

7. Resolutions

- 7.1. Members shall be entitled to submit resolutions relating to the governance of the Franc Stokvel (including any amendments to this Constitution) via email to the Stokvel Email Address.
- 7.2. Members shall be contacted electronically by the Governing Body, by email, to vote on matters arising.
- 7.3. Notwithstanding any interpretation that may be given to the provisions of ECTA, each Member hereby –
- 7.3.1. consents to receive communications from the Governing Body via the App, email or other electronic means; and
- 7.3.2. acknowledges that such communications shall be deemed to have been validly delivered to them; and
- 7.3.3. acknowledges that the resolutions passed by the Members, collectively, in the manner prescribed thereby shall be valid and binding upon them.

Quorum

- 7.4. In order for a Members’ resolution to be considered, at least 25% (twenty five percent) of the Members must have confirmed receipt of the resolution (evidenced by a delivery receipt having been received by the Governing Body) to be considered. The time periods for quorum establishment and voting procedures shall be determined by the Governing Body on a case by case basis, in the interests of the Members.

Voting

- 7.5. Each Member shall have one vote in respect of any proposed resolution.
- 7.6. An Ordinary Resolution requires 50% + 1 of the total votes exercised to be passed failing which the proposed resolution will lapse.

8. Governing Body

- 8.1. The Governing Body shall be comprised of a –
- 8.1.1. Chairperson;
- 8.1.2. Secretary; and
- 8.1.3. Treasurer.
- 8.2. The Governing Body is responsible for the administration and oversight of the Franc Stokvel and must ensure compliance with the provisions of the Constitution by Members.

- 8.3. The Governing Body shall be entitled to –
- 8.3.1. determine services to be offered to Members via the App, communicate technical specifications to App developers, negotiate commercial terms and conclude any arm's length agreements with Third Party Service Providers for the use of the App and/or provision of services by/to Members;
 - 8.3.2. investigate new Financial Services for the Members of the Franc Stokvel;
 - 8.3.3. remove any Member who fails to comply with the provisions of the Constitution, and Terms and Conditions after which the removed Member's Portfolio will be paid to that Member subject to any conditions as contained herein;
 - 8.3.4. restructure the Franc Stokvel so as to comply with any Law and/or operational requirements; and
 - 8.3.5. wind-up the affairs of the Franc Stokvel should the Governing Body, in its discretion, deem it necessary to do so pursuant to the payment of the balances of the Members' respective Portfolios.
- 8.4. The Governing Body shall be entitled to appoint Third Party Service Providers in order to fulfil any of its obligations as specified herein.
- 8.5. Any material decision as affected by the Governing Body in accordance with articles 8.3 and 8.4 shall be communicated to Members, who shall be entitled to provide comment in respect thereof.
- 8.6. The Chairperson –
- 8.6.1. must ensure compliance with the Constitution by the Members;
 - 8.6.2. must see to the overall performance by the other Governing Body members of their obligations in terms of this Constitution; and
 - 8.6.3. shall have powers of authorisation alongside the Secretary and the Treasurer in respect of the Accounts and other matters relating to the management and administration of the Franc Stokvel.
- 8.7. The Secretary –
- 8.7.1. must keep an accurate record of the Franc Stokvel's activities, correspondence and membership register;
 - 8.7.2. must maintain communication with Members to promote a transparent and accountable administration by the Governing Body;
 - 8.7.3. shall facilitate resolution distribution, quorum determination and vote counting; and
 - 8.7.4. shall have powers of authorisation alongside the Chairman and the Treasurer in respect of the Accounts and other matters relating to the management and administration of the Franc Stokvel.
- 8.8. The Treasurer –

- 8.8.1. must prepare and distribute an annual financial report to all Members; and
- 8.8.2. shall have powers of authorisation alongside the Chairman and the Secretary in respect of the Accounts and other matters relating to the management and administration of the Franc Stokvel.
- 8.9. Each Member shall have the right to nominate one person (including him or herself) for election as a member of the Governing Body subject to the following:
 - 8.9.1. Compliance with articles 7.1 to 7.5; and
 - 8.9.2. Such nominee must be an existing Member of the Franc Stokvel.
- 8.10. A resolution to appoint a nominee to the Governing Body requires 66% + 1 of the total votes exercised to be passed failing which the proposed nomination will lapse.
- 8.11. A resolution to remove a member of the Governing Body requires 66% + 1 of the total votes exercised to be passed failing which the proposed removal will lapse.
- 8.12. Pursuant to the removal of any Governing Body member for any reason whatsoever, such removed member endeavours to reasonably cooperate with the existing Governing Body members and/or the new Governing Body members so as to ensure as smooth a transition as possible.

9. **Signing Powers**

- 9.1. Any decision of the Governing Body shall be approved by written authorisation of any 2(two) Governing Body members.
- 9.2. The Governing Body shall be entitled to authorise any signing powers in respect of the Accounts to any Member tasked with administrative duties and/or any Third Party Service Provider.

10. **Financial Services**

Any proposed removal of any Financial Service (another than pursuant to such Financial Service becoming inoperable or pursuant to Law) offered to Members shall be subject to the following:

- 10.1. Compliance with articles 7.1 to 7.5; and
- 10.2. The approval by way of Ordinary Resolution.

11. **Amendments**

- 11.1. Any proposed amendments to this Constitution shall be subject to the following:
 - 11.1.1. Any non-material amendment to this Constitution, shall require the written authorisation of any 2(two) Governing Body members;
 - 11.1.2. Any material (amendments which seek to change the purpose for which the Franc Stokvel was established) amendment to this Constitution shall require:

- 11.1.2.1. Compliance with articles 7.1 to 7.5; and
- 11.1.2.2. A resolution of Members requiring 66% + 1 of the total votes exercised to be passed failing which the proposed amendment will lapse.

12. Winding-up

- 12.1. In the event that the Franc Stokvel has to be wound-up or restructured pursuant to article 8.3.4, and which results in a move away from the stokvel model; so as to continue to fulfil the purpose for the Members in their best interests, the Governing Body shall be authorised to affect any such changes on behalf of the Members.
- 12.2. In the event that the Franc Stokvel's affairs are wound-up (other than in terms of article 12.1), for whatsoever reason, any surplus monies held in the Accounts will be shared amongst Members proportionally to each Member's pro-rata share of the NAV.
- 12.3. It is recorded that the NAV shall first be applied to the settlement of any and all outstanding debts or liabilities of the Franc Stokvel before the NAV can be distributed to Members as contemplated above.