

INVESTMENT MANAGEMENT MANDATE: CRYPTO ASSETS

ENTERED INTO BETWEEN

FUTURE FOREX SA (PTY) LTD

(Hereinafter referred to as **FF**)

AND

THE CLIENT

**FOR THE RENDERING OF DISCRETIONARY INTERMEDIARY SERVICES
IN RESPECT OF CRYPTO ASSETS**

WHEREBY IT IS AGREED

1. Definitions

- i. “crypto asset” has the meaning set out in General Notice 1350 of 2022 issued in terms of FAIS, and, as at the Effective Date, means a digital representation of value that –
 - is not issued by a central bank, but is capable of being traded, transferred or stored electronically by natural and legal persons for the purpose of payment, investment and other forms of utility;
 - applies cryptographic techniques; and
 - uses distributed ledger technology;

provided that should the definition be amended in FAIS, any further declaration of notice in terms of FAIS, or any related legislation, crypto asset shall refer to such amended definition;
- ii. “Effective Date” means the date on which this mandate becomes effective, being the date on which a Client has signed it by way of electronic signature;
- iii. “electronic signature” has the meaning ascribed thereto in the Electronic Communications and Transactions Act, 2002;
- iv. “FAIS” means the Financial Advisory and Intermediary Services Act, 2002
- v. “Minimum Return” means the expected net profit sought by the client, expressed as a percentage of the investment amount, and which is used to determine the price at which it will be deemed suitable for the client to trade. The expected net profit is calculated by taking all fees involved in the trading process into account; and
- vi. “Terms and Conditions” means the [terms and conditions](#) applicable to the rendering of services by FF on behalf of its Clients and which Terms and Conditions are incorporated into this Mandate by reference.

2. Authorisation

- 2.1 FF is an authorised financial services provider holding a Category II FSP license under FAIS, authorising it to render discretionary intermediary services in respect of crypto assets.
- 2.2 The Client wishes to appoint FF in terms of this electronic mandate and in so doing acknowledges that it is satisfied with the controls and personal identification procedures which FF has put in place to ensure the security of its information.

- 2.3 The Client hereby appoints FF and authorises FF to exercise **specified limited discretion**, in terms of such license, to set the Minimum Return on behalf of the Client. Should a Client prefer to set the Minimum Return themselves and indicate this preference to FF, then FF shall no longer be mandated by the Client to exercise the discretion contemplated herein and the Client will in their own discretion set the Minimum Return. Should the Client make such an election (to be in writing) FF shall have no further obligations to the Client as a financial services provider under its Category II license, but will render services to the Client in terms of its authorisation as a Category I financial services provider, acting in terms of that authorisation on the instruction of its Client and in accordance with the Terms and Conditions.
- 2.4 Where FF has been appointed in terms of clause 2.3 to exercise discretion on behalf of a Client it will do so in accordance with this mandate and, in particular, the investment objectives and restrictions of its Client, set out in Annexure A.
- 2.5. FF may make use of the services of its staff, or that of other approved FSP's, to execute certain administrative functions in the course of rendering intermediary services to the client.

3. Investment Objective / Strategy

The Client and FF have agreed the investment objectives and restrictions in Annexure A and the discretion afforded to FF in terms of this mandate must at all times be exercised in accordance with these investment objectives and restrictions. Annexure A states the investment objectives of the Client and whether there are any investment or jurisdiction restrictions that apply to the rendering of intermediary services in relation to the crypto assets.

4. Statements

FF will obtain all legally prescribed documents such as statements and performance reports from the relevant product suppliers and furnish the client with electronic statements concerning the investments in accordance with its Terms and Conditions.

5. Risk Disclosure

- 5.1 There are risks associated with undertaking arbitrage in respect of crypto assets. The Client specifically acknowledges the risks set out in Annexure B which FF has drawn to the Client's attention. The Client has accepted the risks set out in Annexure B and acknowledges that FF will not be liable to the Client for any loss which the Client may suffer as a consequence of any of these risks, provided that FF has rendered services in accordance with its duties under FAIS to act with due care, skill and diligence as a financial services provider.
- 5.2 Annexure B contains a general statement pertaining to the risks associated with investing and/or transacting in crypto assets.

6. Registration of Investments

FF shall ensure that any crypto assets are either registered in the name of the Client or are registered in the name of a duly appointed and duly authorised custodian, depository or nominee for the beneficial ownership of the Client.

7. Information to be Disclosed by Product Providers

The Client confirms that FF shall not be required to provide the investor with any other information than what a product provider is required by law to disclose to the client. All information shall be provided to the Client in electronic form.

8. Treatment of Funds

FF does not intend to receive any funds from a Client for investment in terms of this mandate, but upon a sale of crypto assets will pay across funds which are payable to the Client in accordance with the Terms and Conditions within two Business Days by depositing such funds into the bank account designated by the Client in writing to FF.

9. Remuneration

In consideration for rendering the services contemplated in this mandate and the Terms and Conditions, FF will charge a fee as set out in the [Terms and Conditions](#), which fee shall be payable as contemplated in the Terms and Conditions.

If FF receives any commission, incentives, fee reductions or rebates from an administrative FSP or product supplier for placing a client's funds with them, this shall be disclosed to the Client in accordance with the Terms and Conditions.

10. Declaration Regarding Funds and Investments

- 10.1 The Client declares that all funds and investments placed under FF's management in terms of this mandate are from a legitimate source and are not the "proceeds of unlawful activities", as defined in the Prevention of Organised Crime Act, No. 121 of 1998. Compliance with anti-money laundering (AML) and combating the financing of terrorism (CFT) regulations, especially given the concerns often associated with crypto assets is of utmost importance.
- 10.2 The Client further warrants that, where required, all funds placed under FF' management in terms of this mandate are declared in terms of the Income Tax Act of 1962 and that the client has any necessary approval from the South African Reserve Bank for foreign funds, assets or investments owned by the Client.

11. Termination of Mandate

- 11.1 This mandate may be amended from time to time by agreement between the Client and FF. The Terms and Conditions which are incorporated into this mandate may be amended from time to time in accordance with their provisions and the Client expressly accepts and acknowledges that.
- 11.2 FF or the Client shall be entitled to terminate this mandate after notice in writing of not more than sixty (60) calendar days.

12. Privacy and Data Protection

We respect your privacy and your personal information and for this reason, we take care to ensure that we comply with the Protection of Personal Information Act, 2013 ("POPIA"). Please see our Terms and Conditions in this regard.

13. Mandate Changes Due to Changes in Regulations

Given the rapidly changing crypto asset regulatory environment it may be necessary to alter this mandate from time to time. Any amendment to this mandate in order to ensure that this mandate complies with applicable law shall be made upon notification to the Client and the Client shall be deemed to have agreed to any such amendment should it not cancel this mandate with FF within five Business Days of such notification.

SIGNED AT ON THIS DAY OF

For and on behalf of ***, the signatory warranting that he is duly authorised:

.....

As witnesses to the signature of ***

1. 2.

SIGNED AT ON THIS DAY OF

By the Client:

As witnesses to the signature of the Client:

1. 2.

ANNEXURE A

INVESTMENT OBJECTIVES AND RESTRICTIONS

Investment Universe:

Crypto assets

Investment Objective

To earn low-risk and consistent returns through crypto asset arbitrage. This is achieved by hedging crypto asset and foreign currency risks, so that the client is not directly exposed to fluctuations in the underlying asset. Rather the client simply profits from the price difference between crypto assets in South Africa and abroad.

A secondary objective is to optimise returns, which is achieved by maximizing the amount of SDA and FIA the client is able to use in a calendar year, as well as by ensuring the client trades during optimal market conditions, while factoring in their personal investment circumstances. This is where automatically setting the Minimum Returns is highly beneficial to the client.

Jurisdictional Restrictions

There are no jurisdictional restrictions in respect of this mandate and the Client acknowledges that FF will exercise its discretion in respect of Crypto Assets both in South Africa and offshore.

Investment Restrictions

Clients may only trade up to R11 million worth per calendar year as per the SARB's exchange control laws. This limit may be less depending on the clients' foreign exchange allowance usage.

A minimum investment amount of R200,000 is required. FF may, at its discretion, allow trading of amounts less than this, in particular for clients who invested with FF prior to this restriction being put in place or in cases where the client has less than R200,000 of their foreign exchange allowances available.

Once an arbitrage trade cycle is initiated, the clients funds are not available for withdrawal until the completion of the cycle. This will typically take 24-36 hours. Once complete, the client will receive a Cycle statement and the funds should reflect in their Capitec account shortly thereafter.

Special Instructions

ANNEXURE B

Risks Acknowledged by the Client

Crypto Asset Arbitrage is associated with the following risks:

- 1 **Transaction fees:** Exchanges usually charge fees for trading, receiving and sending cryptocurrencies.
- 2 **Technology risks:** Successful crypto arbitrage requires up-to-date technology for quick trades. A software fault can lead to loss of funds.
- 3 **Counterparty risks:** When moving assets offshore, from one bank to another and over exchanges, there is room for counterparty risks.
- 4 **Hacking risks:** Cryptocurrencies are digital assets and are therefore highly susceptible to theft via hacking or cyber attacks. Crypto assets are notoriously difficult to recover in the event of loss.