



How to Start and Manage An Investor Club / Stokvel Investor Plan with etfSA.co.za

Contents

	Page
1) Setting up Investor Clubs/Stokvels through etfSA Investor Plan by Mike Brown	2
2) Administration requirements	3
3) Sample Stokvel/Investor Club Constitution	4 – 6
4) Authorisation Letter	7
5) Opening an Investor Club/Stokvel Account with etfSA Investor Plan	8



Setting up Investor Club/Stokvels through the etfSA Investor Plan

Mike Brown, Managing Director, etfSA.co.za

A number of people have enquired about how to go about establishing collective investment groups that can invest in the stockmarkets.

One option is to utilise Exchange Traded Funds (ETFs) as the investment vehicle for such investments. ETFs provide low risk access to the stockmarket for Clubs/Stokvels for the following reasons:

- They provide portfolios of index shares
- They are less risky/volatile than investment in single stocks
- The discounted brokerage rates and competitive administration fees offered by etfSA make it one of the lowest cost options available.
- Switches (if investment strategy changes); new inflows of cash from fresh members; partial sales to accommodate members who leave the Club; recurring (debit) order investments, etc. are all catered for, making etfSA one of the most flexible options available.

The FAIS Act allows for Investor Clubs/Stokvels to operate collective accounts through FSCA approved administrators. The etfSA Investor Plan New Business Application forms details the FICA requirements for an Investor club on page 10 of the form (also on page 9 of this document). In summary, the requirements are:

- **The Club needs to set up a founding document or constitution**, which details its objectives, terms of reference, membership requirements, investment strategy, etc. A copy of this document needs to be sent to the Administrators. It helps if this document has a formal tone, with the correct legal terminology and so on. You would probably have someone in the Club who could do this, or Google the document format. The Founding document needs to be approved at a general meeting by all members.
- **The Club should appoint a Representative person to act on its behalf** in operating investment accounts. A letter electing the representative, with his/her powers needs to be signed by all Club members and sent to the Administrator.
- The **Representative** of the Investor Club needs to **provide all the FICA documentation** required to open an account.
- The Representative will **operate a register of all Club members**, with their ID numbers, addresses, etc. Typically, the Administrator would not require the FICA documents of the individual members if it is satisfied with the other documentation supplied.
- The Investor Club needs to **operate a separate banking account in the name of the Club** and details of this account have to be supplied as part of the FICA documentation. All contributions to the Club's investments must come from this account and proceeds from sales will be paid by the Administrator into this bank account.

ETFs are probably the most convenient and cost effective investments for an Investor Club as they provide for recurring investments when Club members make regular contributions, or new members join, in easily divisible and transparent units and also enable for partial sales if any members withdraw.

Should you have any specific questions about establishing an Investor Club or Stokvel with your friends, family or community, and require further information, please contact etfSA.co.za at the contact details below.

Mike Brown

Managing Director, etfSA

Phone: 010 446 0371

Email: info@etfSA.co.za

Terms and conditions: Redistribution, reproduction, the resale or transmission to any third party of the contents of this article and this website, whether by email, newsletter, internet or website, is only possible with the written permission of etfSA.co.za. etfSA.co.za, its sponsors, administrators, contributors and product providers disclaim any liability for any loss, damage, or expense that might occur from the use of or reliance on the data and services provided through this website. etfSA.co.za is the registered trading name of M F Brown, an authorised Financial Services Provider (FSP No 39217). etfSA.co.za is licensed to provide financial services in the following categories: Collective Investment Schemes; Shares and Securities; Retail Pension Fund Benefits; Short-Term deposits; and Friendly Society Benefits. Professional Indemnity Insurance is maintained. etfSA.co.za®, and etfSA The Home of Exchange Traded Funds® are registered trademarks in the Republic of South Africa

ADMINISTRATION REQUIREMENTS

STOKVELS / INVESTOR CLUBS

REQUIRED DOCUMENTATION

1)	Constitution / Founding Document
2)	Document / Letter authorising a representative/authorised person to act on behalf of the Club/Stokvel (signed by all members)
3)	Register (with ID numbers, addresses, contact details) of all members.
4)	Bank account in the name of the Club/Stokvel

FICA requirements

(to be sent to investment administrators)

- Copy of Constitution / Founding Statement
- Election Document / Letter for Representative or Authorised Person
- Copy of Register of Investors
- Copy of Club/Stokvel bank statement (not older than 3 months)
- FICA documents for Representative / Authorised Person
 - ID
 - Proof of residence (not older than 3 months)

Sample Stokvel/Investor Club Constitution

The name of the Stokvel is.....

Aims and Objectives

The Stokvel/Investor Club is a Group of natural persons (individual members) amongst whom a common bond exists to form an invitation only group savings scheme, investor pool or rotating credit scheme. The Investor Club/Stokvel:

- a.) Consists of members who have pledged mutual support to each other towards the attainment of specific savings/investment objectives;
- b.) Establishes a continuous pool of capital by raising funds by means of the subscription of contributions by members;
- c.) The aggregate value of capital per Stokvel/Investor Club does not exceed R100 000 per annum.
- d.) Provides for members to share in profits and to nominate managers; and
- e.) Relies on self regulation to protect the interest of its members.

Membership

- Membership per club will be limited to members (list number of members).
- Members will supply the club with their personal details (ID number, date of birth and residential address).
- Members must obey the club constitution.
- Should a member die, his or her family members will not automatically become members of the club.

Stokvel Executive

The Executive Committee will consist of the following positions:

Chairperson, whose responsibilities are:

- To lead and prepare the agenda for meetings.
- Make sure rules are followed.
- Approve money withdrawal with other executive members.
- Explore opportunities for growing the club.

Secretary, whose responsibilities are:

- Keep an accurate record of the club's activities, namely minutes, correspondence and membership register.
- Maintain communication to make sure all members are informed of all activities of the club.
- Have signing powers with the chairperson and treasurer.

Treasurer, whose responsibilities are:

- Keep accurate account of all the club's finances and present copies of all the deposit slips.
- Collect money or deposit slips at every meeting.
- Have signing powers with the chairperson and the secretary.
- Keep up-to-date with financial charges and banking products that could be beneficial to the group.

Meetings

- Meetings will be held every (nominate day of the month), from to (time).
- A minimum of 10 members will be required for a meeting (number of members).
- Non-members will not be allowed to sit in the meetings.
- Special meetings will be called when necessary by the executive committee.

Joining Fee

- Each member must pay R..... as a non-refundable joining fee.

Contributions

- Each member will contribute a minimum ofper month.
- If members contribute different amounts, the minimum will be R00.

Benefits

- Members will receive a share in the invested assets of the Club/Stokvel relative to their contribution and the value of their investments.
- Members must give 90 days' notice if they wish to terminate membership
- Members will receive their contribution plus any capital growth up to termination of membership,

Beneficiaries

- If a member dies, any money they are owed will go to their family.

Code of Conduct

- No member will use the name of the club for personal business purposes or personal gain.
- Each member will be expected to conduct him or herself in a socially acceptable manner at the meetings.
- Members must dress in a socially acceptable manner.

Meeting Attendance

- If a member is unable to attend a meeting for whatever reason, he or she must send an apology in writing.
- Should a member fail to attend three consecutive meetings without a good reason such as illness or being away, he/she will face a disciplinary committee.

Banking

- The money in the organisation must be deposited into a bank account in the name of the Club/Stokvel.
- Signing power will be held by persons nominated by the Club/Stokvel.
- All transactions must be signed by at least 2 of the nominated persons.

Stokvel/Club Closure

- In the event that the club closes, any extra funds and assets of the club will be shared amongst members according to each member’s contribution to the club.
- Liability and debts will also be shared equally in the club if such debt is made by the club.

Change of Constitution

- Members can change the constitution only if there is a majority vote.
- Proposed changes in the constitution must be announced 60 days prior to a meeting to be held to consider such constitutional changes.

To be signed by each member.

I,hereby accept the constitution of
.....(name of club).

.....(full name).

Signed aton thisday of
.....20.....

.....
Signature

.....
Full Name and Surname

AUTHORIZATION LETTER

Date

Name of Investor Club / Stokvel

Dear Sirs

We the undersigned members of the..... (insert name of Club / Stokvel), hereby authorise to act on behalf of the members in all matters relating to: the administration and operation of our investments: applications to open investment and bank accounts; including signing of any documents relating to these matters.

Any and all acts carried out by, on behalf of the members, shall have the same effect as acts of our own.

This authorisation is valid until further written notice by(insert name of Club / Stokvel).

Sincerely,

List of Members	Signatures

Setting Up An Investor Club/Stokvel Account with etfSA Investor Plan

- Open an account with the etfSA Investor Plan, in the name of the Club/Stokvel. Application forms are available on www.etfsa.co.za, click on the "Discretionary Investments" button.
- The FICA documents required are attached (page 9).
 - We only require full FICA documents for the authorised representative of the Stokvel/Club.
 - The authorised representative must keep a register of all members of the Stokvel/Club, with their ID numbers and contact details.
 - Proof of bank account, opened in the name of the Stokvel/Club is required (a bank statement less than 3 months old).
- The Stokvel/Club can choose its own portfolio from the list of ETPs attached (pages 10 & 11).
 - Should you require assistance in constructing a portfolio of ETPs for your investment, please contact etfSA.co.za (Tel: 010 446 0371; Email: info@etfsa.co.za).
 - For large investments, (R1 million or above, or over R50 000 per month), etfSA.co.za will design and manage a bespoke ETP investment portfolio for you, if required.
- Access to your etfSA account is online (the authorised representative will be issued with a password for such access).
- Additional investments (periodic or by monthly debit order) can be made at any time, as can withdrawals from your account.

For further information on operating your Stokvel/Investor Club ETP Investment Plan, please contact: Wendy Hlatshwayo, Tel: 010 446 0371; Email: info@etfsa.co.za.

FICA REQUIREMENTS

Due Diligence Requirements – New Applicants must send the following applicable FICA documents, together with a fully completed New Business Application form.

Additional or updated documentation may be requested in certain circumstances.

Please ensure that the information provided on the FICA documentation is clear.

All FICA documents must be less than 3 months old except for income tax forms / property insurance policy schedules. If a Financial Service Provider (FSP) / Representative is utilised, a certified copy of the FSP licence is required.

INDIVIDUAL		TRUST	
Identification <u>Clear copy of one of the following:</u> <ul style="list-style-type: none"> • Current valid passport • National identity card or document • Armed Forces identity card Confirmation of Address <u>Clear copy of one of the following, confirming name and address:</u> <ul style="list-style-type: none"> • A utility bill • A council tax bill / assessment • An income tax form / extract • A property insurance policy schedule • A recent lease / rental agreement Related Due Diligence <ul style="list-style-type: none"> • Proof of South African Banking details, either: <ul style="list-style-type: none"> ○ A Bank Statement, not older than 3 months (no internet or credit card statements accepted). ○ A letter from your bank, confirming banking details. • Proof of Income Tax Number. 		Identification <ul style="list-style-type: none"> • Trustees – as per individual requirements, or company requirements for corporate trustees. • Extract of Trust Deed pages showing name of Trust, parties to the Trust and signature pages. • Letter of Authority from the Master (SA Trust) or Foreign Regulator (Foreign Trusts) to Trustees. Confirmation of Address <ul style="list-style-type: none"> • Trust – as per individual requirements. • Trustees – as per individual requirements. Related Due Diligence <ul style="list-style-type: none"> • Authorised signatory list including specimen signatures. • Proof of Trust banking details – as per individual requirements. • Proof of VAT registration (if applicable). • Proof of Income Tax Number. 	
INVESTING IN NAME OF MINOR		INVESTOR CLUBS AND STOKVELS	
<ul style="list-style-type: none"> • Minor – copy of birth certificate or identity card • Legal Guardian/Parent – as per individual requirements. 		<ul style="list-style-type: none"> • Copy of constitution / founding document. • Copy of register of participants. • Letter electing and authorising person/representative to act on behalf of the Club/Stokvel. • FICA documents for authorised representative – as per individual requirements. • State Stokvel declaration • Administrator reserves the right to request FICA documents for all participants. Related Due Diligence <ul style="list-style-type: none"> • Authorised signatory list including specimen signatures. • Proof of Trust banking details – as per individual requirements. 	
COMPANY			
Identification <ul style="list-style-type: none"> • Certificate of Incorporation (CM1 or CoR14.1, CM22 or CoR21 and CM29 or CoR39 issued by CIPC). • Board Resolution authorising the investment (and/or approval to act as trustee if a corporate trustee). • Directors – as per individual requirements. • All shareholders holding 25% or more of voting rights at a general meeting – as per individual requirements. 		Confirmation of Address <ul style="list-style-type: none"> • Company – CM1, CM22 and CM29. • Directors – as per individual requirements. • Name(s) and address(es) of all Directors. • All shareholders holding 25% or more of voting rights at a general meeting – as per individual requirements. 	
		Related Due Diligence <ul style="list-style-type: none"> • Authorised signatory list including specimen signatures. • Proof of Banking details – as per individual requirements. • Proof of VAT registration (if applicable). • Proof of Income Tax Number. 	
CLOSED CORPORATIONS			
Identification <ul style="list-style-type: none"> • Founding Statement and certificate of Incorporation. • Resolution of the members to invest. • Members – as per individual requirements. Confirmation of Address <ul style="list-style-type: none"> • Close Corporation – CK1 and CK2. • Members – as per individual requirements. 		Related Due Diligence <ul style="list-style-type: none"> • Proof of Banking details – as per individual requirements. • Proof of VAT registration (if applicable). • Proof of Income Tax Number. 	
<p>SOURCE OF FUNDS – the proceeds to be invested need to have been accumulated and invested legitimately. Declaration on the application form advising how the funds have legitimately arisen (from which legitimate activity, event or circumstances).</p>			

ETFs / ETNs Listed on the JSE

Exchange Traded Products (ETPs) that qualify for the Investment Plan

Includes All JSE Listed ETPs					
JSE Share Code	ETF Name	ETF Provider	JSE Share Code	ETF Name	ETF Provider
Domestic (SA) Equities					
Broad-based large cap					
ASHT40	Ashburton Top 40	Ashburton	STXSWX	Satrix SWIX 40	Satrix
CSEW40	CoreShares EW Top 40	Grindrod	STXRAF	Satrix RAFI 40	Satrix
CTOP50	CoreShares Top50	Grindrod	STAN40	Stanlib Top 40	Stanlib
NFSH40	NewFunds Shari'ah Top 40	ABSA	STANSX	Stanlib SWIX Top 40	Stanlib
GIVISA	NewFunds S&P GIVI Top 50	ABSA	SYGT40	Sygnia/Itrix Top 40	Sygnia
NFSWIX	NewFunds SWIX 40	ABSA	SYGSW4	Sygnia/Itrix SWIX 40	Sygnia
STX40	Satrix 40	Satrix			
Sectors					
ASHMID	Ashburton MidCap	Ashburton	STXFIN	Satrix FINI 15	Satrix
GIVFIN	NewFunds S&P GIVI SA Financial	ABSA	STXIND	Satrix Capped INDI	Satrix
GIVIND	NewFunds S&P GIVI SA Industrial	ABSA	STXRES	Satrix RESI 10	Satrix
GIVRES	NewFunds S&P GIVI SA Resources	ABSA			
Style / Factors / 'Smart'					
DIVTRX	CoreShares Dividend Aristocrats	Grindrod	NFEVOL	NewFunds Low Volatility	ABSA
LVLTRX	CoreShares Low Volatility	Grindrod	NFEVAL	NewFunds Value Equity	ABSA
NFEMOM	NewFunds Equity Momentum	ABSA	STXDIV	Satrix Dividend Plus	Satrix
NEWFSA	NewFunds NewSA	ABSA	STXQUA	Satrix Quality South Africa	Satrix
Domestic (SA) Interest Bearing					
ASHINF	Ashburton Government Inflation	Ashburton	NFILBI	NewFunds ILBI	ABSA
PREFTX	CoreShares PrefTrax	Grindrod	NFTRCI	NewFunds TRACI 3month	ABSA
NFGOVI	NewFunds GOVI	ABSA	STXILB	Satrix Inflation-Linked Bonds	Satrix
Domestic (SA) Listed Property					
PTXSPY	CoreShares PropTrax SAPY	Grindrod	STXPRO	Satrix Property	Satrix
PTXTEN	CoreShares PropTrax Ten	Grindrod	STPROP	Stanlib SA Property	Stanlib
Domestic (SA) Multi Assets					
MAPPSG	NewFunds MAPPS Growth	ABSA	MAPPSP	NewFunds MAPPS Protect	ABSA
International Listed Bonds					
ASHWBG	Ashburton World Government	Ashburton	ETFGGB	Stanlib Global Govt. Feeder	Stanlib
DCCUSD	FirstRand Dollar Custodial Certificate ETF	FirstRand			
International Listed Property					
AMIRE	AMI Real Estate ex-SA	Cloud Atlas	ETFGRE	Stanlib Global REIT Feeder	Stanlib
GLPROP	CoreShares S&P Global Property	Grindrod	SYGP	Sygnia/Itrix Global Property	Sygnia
International Equities					
AMIB50	AMI Bi50 ex-SA	Cloud Atlas	ETF5IT	Stanlib S&P 500 Info Tech Feeder	Stanlib
ASHGEQ	Ashburton Global 1200	Ashburton	ETFWLD	Stanlib MSCI World Feeder	Stanlib
CSP500	CoreShares S&P 500	Grindrod	SYG4IR	Sygnia Itrix 4th Industrial Revol.	Sygnia
GLODIV	CoreShares Global Div. Aristocrats	Grindrod	SYGEU	Sygnia Itrix Eurostoxx 50	Sygnia
STXEMG	Satrix MSCI Emerging Markets	Satrix	SYGUK	Sygnia Itrix FTSE 100	Sygnia
STXWDM	Satrix MSCI World	Satrix	SYGJP	Sygnia Itrix MSCI Japan	Sygnia
STX500	Satrix S&P 500	Satrix	SYGUS	Sygnia Itrix MSCI USA	Sygnia
STXNDQ	Satrix Nasdaq 100 Feeder	Satrix	SYGWD	Sygnia Itrix MSCI World	Sygnia
ETF500	Stanlib S&P 500 Feeder	Stanlib	SYG500	Sygnia/Itrix S&P 500	Sygnia

ETFs / ETNs Listed on the JSE (continued)

ETNs					
DBAFRI	DB Africa Top 50	Deutsche	DBEMER	DB Emerging Markets	Deutsche
DBCHIN	DB China	Deutsche	SBAFRITR	Standard Bank Africa Equity	Std. Bank

Commodities - ETFs					
GDL	Absa NewGold	ABSA	ETFPLD	Standard Bank Africa Palladium	Std. Bank
NGPLD	Absa NewGold Palladium	ABSA	ETFPLT	Standard Bank Africa Platinum	Std. Bank
NGPLT	Absa NewGold Platinum	ABSA	ETFRHO	Standard Bank Africa Rhodium	Std. Bank
ETFGLD	Standard Bank Africa Gold	Std. Bank	KCCGLD	FirstRand Krugerrand Custodian Certificate	FirstRand

Commodities - ETNs					
NEWPLT	Absa NewWave Platinum	ABSA	SBAFCI	Standard Bank Commodity Bask.	Std. Bank
NEWSLV	Absa NewWave Silver	ABSA	SBACOP	Standard Bank Copper	Std. Bank
SBAGL	Standard Bank Gold-Linker	Std. Bank	SBACRN	Standard Bank Corn	Std. Bank
SBASI	Standard Bank Silver-Linker	Std. Bank	SBAOIL	Standard Bank Oil	Std. Bank
SBAPLI	Standard Bank Palladium-Linker	Std. Bank	SBAWHT	Standard Bank Wheat	Std. Bank
SBAPDI	Standard Bank Platinum-Linker	Std. Bank			

Currencies					
NEWGBP	NewWave Pound Sterling ETN	ABSA	NEWUSD	NewWave US Dollar ETN	ABSA
NEWEUR	NewWave Euro ETN	ABSA			