

PROCEEDINGS RESUME

CHAIRPERSON: Let us proceed, please. We are back in the public hearing. Mr Ginsburg?

MR GINSBURG: Thank you, Mr Chairman.

In the light of the *in camera* hearing and as a consequence of that hearing, the South African Reserve Bank Exchange Control Department wishes to make a public statement to the Commission concerning the agreement which it has reached with Deutsche Bank.

Although the document from which I am reading is headed "Confidential" and forms part of the overall settlement, the parties to the Settlement Agreement have for the purposes of transparency and public consumption, waived the confidentiality requirements of section 33(2) of the Reserve Bank Act in order to inform this Commission publicly and all members of the public of the general nature of the arrangement reached between themselves and it is for that reason that we ask your permission to read the statement publicly.

CHAIRPERSON: Yes.

MR GINSBURG: It is a statement to the Commission of Inquiry into the Rapid Depreciation of the Exchange Rate of the Rand by the Exchange Control Department of the South African Reserve Bank:

Mr C T Grové, the Assistant General Manager of Excon, testified before this Commission on 8 April 2002, that in or about October 2001, Excon commenced review proceedings with regard to certain "asset swap"/share placement applications made by Deutsche Bank AG (Johannesburg Branch) for M-Cell Limited, Sasol Limited and Nampak Limited in respect of transactions initiated and implemented respectively by M-Cell, Sasol and Nampak during late 2000 and 2001. Mr Grové's statement to this Commission is contained in SARB volume 8.

The transactions reviewed by Excon all related to the implementation of the "asset swaps"/share placement by the Deutsche Bank Group for M-Cell, Sasol and Nampak, but did not relate to the underlying transactions in respect of which the share placement were implemented. The reason for this is that there has never been any allegation of impropriety in respect of such underlying transactions.

During the period October 2001 to February 2002 Excon received correspondence and documentation from DBJ, in which correspondence and documentation DBJ explained the manner in which it initiated and implemented the transactions for M-Cell, Sasol and Nampak. On 26 March 2002, and in accordance with established Exchange Control procedures, Excon held discussions with DBJ and delivered various letters to DBJ, M-Cell, Sasol and Nampak in terms of which Excon's concerns were highlighted with regard to the manner in which the transactions in respect of M-Cell, Sasol and Nampak were initiated and implemented. Several further meetings were subsequently held between Deutsche Bank Johannesburg and Excon.

Mr Niall Smith of Deutsche Securities (Proprietary) Limited in his statement to this Commission, referred to the review proceedings instituted by Excon and in particular to the letters addressed by Excon to DBJ, M-Cell, Nampak and Sasol referred to in 4 above. Copies of these letters were annexed to Mr Smith's statement.

Excon is now in a position to advise this Commission that the review proceedings instituted by Excon, and involving DBJ and Deutsche Securities, have been finalised. Excon is of the opinion that the review proceedings, have resolved the concerns which have been raised by Excon and, accordingly, that this matter has now been satisfactorily finalised.

The review proceedings are confidential for policy reasons and, in addition thereto, fall within the ambit of section 33 of the South African Reserve Bank Act, No 90 of 1989, and accordingly such information cannot be made available to any party other than those involved in the review proceedings."

Thank you, Mr Chairman. That ends our statement.

CHAIRPERSON: Any further evidence that you wish to present, Mr Naidu?

MR NAIDU: Nothing at all, Mr Chairman.

CHAIRPERSON: Ladies and gentlemen, that then concludes the public hearings of the Commission. The Commission stands adjourn *sine die*. Our final report will be delivered as soon as we can. Thank you very much.

