

File Note:
Code 100, statement 100

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| 3.5 | The recognition of ownership after the sale or loss of shares by black participants: | |
| | 3.5.1 | A Measured entity is allowed to recognise a portion of black ownership after a black participant has exited through the sale or loss of shares subject to the following criteria: |
| | 3.5.1.1 | the black participant has held shares for a period for 3 years; |
| | 3.5.1.2 | value must have been created in the hands of black people; |
| | 3.5.1.3 | transformation has taken place within the measured enterprise. |
| | 3.5.2 | black participation arising from continued recognition of black ownership cannot contribute more than 40% of the score on the ownership scorecard. |
| | 3.5.3 | In the case of a loss of shares by the black investor, the following additional rules apply: |
| | 3.5.3.1 | a written tripartite agreement between the measured enterprise, the black participation and a lender must record the loan or security arrangement unless the measured entity is the lender; and |
| | 3.5.3.2 | The period over which the points were allocated or recognised will not exceed the period over which the shares were held. |
| | 3.5.4 | The ownership points under this paragraph that are attributable to the measured entity will be calculated by multiplying the following elements: |
| | 3.5.4.1 | The value created in black hands as a percentage of the value of the measured entity at the date of the loss of shares as a percentage of measured entity's value; |
| | 3.5.4.2 | The B-BBEE status of the Measured Entity based on the balanced scorecard at the date of measurement; and |
| | 3.5.4.3 | The ownership points that was attributable to the Measured Enterprise on the date of sale or loss. |

Calculation of the recognition for ownership after the sale or loss of shares by black participants

The calculations in paragraphs 3.5.1 and 3.5.3 use the following formula:

$$A = B \times C \times D$$

Where:

A is the percentage of rights of ownership that survive the sale of an equity instrument by a black participant in paragraph 3.5

B is the percentage of rights of ownership for each of indicators in the ownership scorecard that were attributable to the black participant immediately before his or her sale or loss

C is the net value percentage provided for in paragraph 3 above undertaken for the equity instruments sold or lost by the black participant on the date of the sale or loss. The value of the enterprises is measurable as at the date of measurement

D is the most recently determined BEE recognition level of the measured entity (which must be less than one year old) based on its generic scorecard result for all elements other than ownership determined using statement 000.

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