



**SOUTH AFRICAN DIAMOND AND PRECIOUS METALS
REGULATOR**

South African Diamond Centre,
251 Fox Street,
PO Box 16001, Doornfontein,
Johannesburg, 2028
Tel: + 27 (011) 223 – 7000
Fax: +27 (011) 334-8898
www.sadpmr.co.za

Form: DTH

Application No: _____

APPLICATION FOR DIAMOND TRADING HOUSE LICENCE

[In terms of section 26(f) of the Diamonds Act, 1986 (Act 56 of 1986)]

Instructions:

1. For any enquiries, contact the office of the Regulator during office hours.
2. Complete the form in block letters and in black pen.
3. Where options are given mark the appropriate block.
4. Complete the form in English and do not use abbreviations.
5. Although the application forms are made available in electronic format, only a signed original hard copy shall be acceptable.
6. Ensure that all the required documentation accompanies the application.
7. The application must be submitted to the operational business premises of the Regulator.

PART A: PARTICULARS OF APPLICANT

1(a) In the case of a natural person, please provide the following:

- (i) Surname: _____
- (ii) First name(s): _____
- (iii) Identity number: _____

**(A certified copy of the identity document must be attached.)*

- (iv) Has the applicant ever been convicted of any criminal offence in or outside the RSA, (Yes/No)? If Yes, furnish particulars on a separate sheet of paper.

(b) In the case of a person other than a natural person, please indicate:

- CC _____ Partnership/Joint venture _____
Co. _____ Other (specify) _____

- (i) Name of company, close corporation, partnership or joint venture:

- (ii) Registration number of Co. or CC:

(iii) Full names and identity number of managing director or member:

(iv) Full names and identity number of every director:

(v) Particulars of interest held (%) in juristic person and name of holder of controlling interest:

PART B: CORRESPONDENCE ADDRESS FOR THIS APPLICATION

2(a) Business address:

(i) Building name: _____

(ii) Building number: _____

(iii) Street number: _____

(iv) Street name: _____

(v) Suburb: _____

(vi) Town/City: _____

(vii) Postal code: _____

(viii) Province: _____

(ix) Country: _____

(x) Telephone number: _____

(xi) Fax No: _____

(xii) Cellphone No: _____

(xiii) Email address: _____

(b) Relevant postal address:

(i) Postal Address: _____

(ii) Town/City: _____

(iii) Postal code: _____

(Attach documentary proof of the registered business premises.)

PART C: THE APPLICATION MUST BE ACCOMPANIED BY THE FOLLOWING:

1. A certified copy of the identity document, if applicable.

2. A certified copy of certificate of incorporation, articles of association or founding statement, if applicable.
3. A copy of the resolution, if acting in a representative capacity.
4. Documentary proof of the registered business premises.

PART D: DECLARATION

I, _____, (name of applicant) hereby declare that the contents of this application are true and correct.

Capacity: _____

Signed at _____ on the _____ day of _____.

SIGNATURE OF APPLICANT/REPRESENTATIVE (IF APPLICABLE)

Requirements for application for diamond trading house licence

(2) The following documents must be lodged with the application:

- (a) in the case of a natural person, a certified copy of the relevant identity document;
- (b) in the case of a company, close corporation, partnership or joint venture, certified copies of the certificate of incorporation, articles of association or founding statement (CK1);
- (c) documentary proof that the applicant has obtained the necessary authority to apply in a representative capacity on behalf of the company, close corporation, partnership or joint venture; and a certified copy of the identity document of the managing director or member;
- (d) documentary proof of the registered business premises; and
- (e) a police clearance certificate.

(3) An application for a diamond trading house must be lodged together with the non refundable application fee specified in regulation 10(1)(b).

GUIDELINES ON COMPLIANCE WITH THE MINING CHARTER

The Mining charter was developed in terms of section 100 of the Mineral and Petroleum Resources Development Act, Act No. 28 of 2002 with the aim of transforming the mining industry. The Mining Charter requires applicants for mining rights to comply with certain empowerment principles. An application which does not address these principles will not be granted.

The Mining Charter is referred to in the Diamond Amendment Act No. 29 of 2005 and the Diamonds Amendment Regulations issued under the Diamonds Act of 1986. The Mining Charter is also referred to in the Precious Metals Act of 2005 and the Precious Metals Regulations issued under the Precious Metals Act. The regulations issued under the Diamonds Act and the Precious Metals Act requires the applicant for licence or permit to submit a business plan inclusive of the Mining Charter principles. Furthermore Section 6 of the Precious Metals Act provides that in considering an application for any licence, permit or certificate the Regulator:

- (a) must have regard to the promotion of equitable access to and local beneficiation of precious metals;
- (b) must have regard to the requirements of the broad-based socio-economic empowerment Charter (i.e the Mining Charter) developed in term of section 100 of the Mineral and Petroleum Resources Development Act of 2002

Similar provision is made in the Diamonds Amendment Act No. 29 of 2005. Section 5 (1) of Part 1, Chapter II state that the Regulator shall have regard to the promotion of equitable access to and local beneficiation of the Republic's diamonds when considering an application for any licence or permit. Section 5 (1) should be read with section 5(2) (a) of the same Act. Section 5 (2) (a) provide that when considering an application, all elements of the Mining Charter will be a decisive factor in granting such licenses.

Hereunder is a simplified summary of the Mining Charter that will assist the applicants for licences and permits in terms of the Precious Metals Act and the Diamonds Act as amended. The applicant is however still required to fully comply with the Mining Charter where applicable.

1. HUMAN RESOURCES DEVELOPMENT

Human Resources Development Plan is broken down into three, namely skills development plan, mentorship plan, internship and bursary plan.

1.1 Skills Development Plan

The applicant should provide a detailed skills development plan that outlines how the applicant intends to empower the employees, in particular empowerment groups, through training and provision of relevant skills. The applicant should identify the number and education level of the employees. The aim of this is to ensure that all employees are literate and numerate. The applicant can achieve this through ABET training. The applicant should further provide employees with skills training during their employment in order to improve their earning capacity and marketability after the closure of the business.

1.2 Mentorship Plan

The applicant should provide a detailed mentorship plan for the employees and empowerment groups which is in line with the skills development plan and state how the plan would be implemented. The mentoring should be done with a purpose, for instance to prepare HDSA's for higher positions. Mentoring should be read together with employment equity. Employment equity requires the licence holder to have 10% women participation in the diamond or precious metals industries and 40% HDSA participation in management within 5 years from the date the licence was issued. Mentoring should be done not only with the purpose of providing skills but also with the purpose of achieving participation in management.

1.3 Internship and Bursary Plan

The aim is to provide bursaries and scholarships to HDSA especially in the fields related to the diamond and precious metals industries (for instance polishing and cutting of diamond courses, science and engineering etc). Furthermore the applicant should have an internship plan through which the bursary holders can be exposed to practical training during school vacations.

2. EMPLOYMENT EQUITY PLAN

The applicant should provide employment equity statistics, accompanied by a plan on how the applicant would achieve 10% women participation in the relevant industry and 40% HDSA participation in management within 5 years from the date on which the licence or permit was issued. The applicant should have an employment equity plan. In the plan, the applicant must establish employment equity targets and time frames, particularly in the senior and junior management categories.

3. PROCUREMENT PLAN

The applicant should provide a procurement plan and its implementation for the progression of procurement from HDSA companies or individuals. Procurement can be broken down into three levels, namely capital goods, services and consumables. Under procurement plan the applicant should give HDSA a preferred supplier status as part of empowerment. The applicant should identify the type of procurement needed. Where no HDSA tenders to supply goods, services or consumables because of lack of capital or resources, established companies should partner with the HDSA for the supply of the above. Examples of procurement provided above are not exhaustive. Any type of procurement which aims to empower HDSA will suffice.

4. OWNERSHIP AND JOINT VENTURE

The diamond and precious metals industries are required to achieve 26% (within 10 years) and 15% (within 5 years) ownership of the diamond and precious metals industries assets by each applicant. This can be achieved through fairly structured transactions for the selling of shares or equity to the HDSA, partnerships and joint ventures with the HDSA. For instance:

- ❖ HDSA controlled entity, i.e. 50% + 1 vote which includes management control
- ❖ joint ventures or partnerships, i.e. 25% + 1 vote

5. MONITORING AND REPORTING

The applicant should undertake to report on an annual basis their progress towards achieving their commitments in the BEE plan. The reports should be verified by the applicant's external auditors. On the other hand the Regulator will monitor the progress on implementation.

6. UNDERTAKING

There should be an undertaking by the applicant for the implementation of the BEE plan. The undertaking should be signed by the applicant to adhere to the BEE plan, and a clear stated time frame which will constitute terms and conditions for granting such licenses so that in the event of breach, the license can be revoked.