

FINANCIAL SERVICES BOARD

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OUR REF:	15/11/3 (CISCA CIRCULAR NO 10)	FAX:	(012) 3471379
DATE:	7 MAY 2009	E-MAIL:	bertc@fsb.co.za

CISCA CIRCULAR NO 10 TO MANAGERS AND TRUSTEES OF COLLECTIVE INVESTMENT SCHEMES IN SECURITIES

1. It has come to the attention of this Office that certain members of the CIS industry market and promote portfolios as being in compliance with prudential requirements as per Regulations to the Pension Funds Act, although compliance with these requirements is not stated in the investment policy of the portfolios. For purposes of this Circular, prudential requirements mean requirements with which a pension fund's investment strategy must comply in terms of applicable legislation.
2. After careful consideration of the matter, the Financial Services Board has taken the decision that a portfolio may not be marketed as a portfolio in compliance with prudential requirements if such requirements are not specifically stated in the portfolio's investment policy as per the relevant supplemental deed. Such supplemental deed represents the only legislatively approved document. Please note that where prudential guidelines are incorporated in the investment policy of a portfolio, such guidelines must at all times in their entirety apply to the portfolio. However, it should be noted that a pension fund must obtain an auditor's certificate from its auditors that the relevant portfolio complies with prudential investment guidelines. If a Manager so wishes, it may obtain an auditor's certificate from its auditors that the relevant portfolio complies accordingly.
3. The investment policies of portfolios that are affected by this decision should be amended in terms of the Collective Investment Schemes Control Act, 2002, as read with the relevant deed by not later than 30 September 2009. Managers not wishing to make such amendments should immediately cease marketing such portfolios as being in compliance with prudential requirements.
4. The FSB holds a very strong view about this issue and should the situation not be rectified as indicated above, it will consider taking regulatory action.
5. The Association for Savings and Investment SA ("ASISA") is responsible for monitoring compliance with the Code for Advertising applicable to its members. ASISA will therefore be requested to monitor the marketing of portfolios by its members to ensure compliance with the foregoing.

REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES

Board Members Dr CDR Rustonjee (Chairperson) AM Sithole (Deputy Chairperson) BM Hawksworth
Ms JV Mogadime Ms AMM Mokgabudi Ms LM Mojela Prof PJ Sutherland Ms HS Wilton
Executive Officer Adv D Tshidi



ACKNOWLEDGEMENT OF RECEIPT

I acknowledge receipt of a copy of CISCA Circular No. 10.

Signature

Name of Manager

Date

Signature

Name of Trustee

Date