

FINANCIAL SERVICES BOARD

Riverwalk Office Park Block B 41 Matroosberg Road Ashlea Gardens Extension 8
Pretoria South Africa 0081 PO Box 35666 Menlo Park Pretoria South Africa 0102
Tel +27 12 428 8000 Fax +27 12 347 0221 E-mail info@fsb.co.za
Toll free 0800 110443/0800 202087 Website: www.fsb.co.za



ENQUIRIES:	Patrick Ward	D. DALLING NO.:	(012) 428 8045
OUR REF:	15/11/3 (CISCA CIRCULAR NO 13)	FAX:	(012) 347 1379
DATE:	1 June 2011	E-MAIL:	patrickw@fsb.co.za

CISCA CIRCULAR NO 13 TO MANAGERS AND TRUSTEES OF COLLECTIVE INVESTMENT SCHEMES IN SECURITIES – CASH FUNDS

BACKGROUND

1. The pronouncement of a curatorship order over the business of Corporate Money Managers (Pty) Ltd ("CMM") and CMM Cash Management Fund ("CMM Fund"), the assets of which were managed by CMM, has placed so-called "Cash Funds" under the spotlight. A number of allegations have been made that the CMM Fund was marketed and presented by CMM to proposed investors as a money market fund. The CMM Fund was not approved as a money market fund. The CMM Fund's investment policy, in fact, allowed for the inclusion of fixed income securities with maximum terms to maturity of up to three years and a weighted average maturity of 180 days. Investors whose assets were invested in the CMM Fund have been prejudiced.

MOTIVATION

2. It is generally accepted that the term "cash" is defined as the most liquid instruments in a financial system. The investment policies of existing collective investment scheme portfolios which contain the word "cash" in their names, differ from one another with regard to:
 - The objective of the different portfolios;
 - The maximum maturity of non-equity securities to be included in such portfolios; and
 - The weighted average maturity of the portfolios.
3. To avoid any further controversy regarding portfolios using the word "cash" in their names under a collective investment scheme, the Registrar has decided, with effect from the date of this Circular, that the word "cash" in the name of a portfolio will only be allowed if the investment policy of such portfolio allows investment in non-equity securities as contemplated in Chapter VII of Notice 1503 of 2005 with a maximum term to maturity of 21 days.

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GOING FORWARD

4. Managers administering existing portfolios with the word “cash” in their names and which portfolios’ investment policies do not comply with the maximum term of maturity as per paragraph 3 above, are required to rename such portfolios. The relevant Manager must, by no later than 30 days after the date of this Circular, submit an application together with a draft supplemental deed to change the name of the relevant portfolio. The proposed new name must be motivated in detail and be in line with the investment policy of said portfolio.



REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES

ACKNOWLEDGEMENT OF RECEIPT

I acknowledge receipt of a copy of CISCA Circular No. 13

Signature

Name of Manager

Date

Signature

Name of Trustee

Date