

FINANCIAL SERVICES BOARD

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OUR REF:	15/11/3 (CISCA CIRCULAR NO 7)	FAX:	(012)3471379
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CISCA CIRCULAR NO 7 TO MANAGERS AND TRUSTEES OF COLLECTIVE INVESTMENT SCHEMES IN SECURITIES

It has come to this Office's attention that local managers are investing in participatory interests of foreign collective investment schemes ("underlying portfolios") where the investments in such underlying portfolios do not fall within the parameters laid down in Notice 1503 of 2005. Furthermore, in some instances local managers invest in underlying portfolios that are approved under section 65 of the Collective Investment Schemes Control Act, 2002. However, such underlying portfolios do not necessarily comply with the Conditions of Notice 1503 for inclusion as investment in a local portfolio. Examples of such non-compliance with the Conditions are, *inter alia*, underlying portfolios investments in unlisted or non-rated instruments, uncovered exposure through leveraging, borrowing for other purposes than redemptions and no independent trustee/custodian. Please note that local managers are not allowed to invest in such underlying portfolios.

This Office is in the process of addressing a number of issues to bring parity between the local industry and the foreign collective investment schemes industry, particularly with regard to the use of expanded investment powers as permitted by the UCITS III Directives. Amendments will be introduced to eliminate these differences as far as possible to suit local circumstances.

Managers are requested to refrain from investing in foreign schemes which do not conform to the local requirements. Trustees are requested to monitor foreign investments by managers with the necessary care. Furthermore, trustees must ensure that foreign investments not in compliance with the Conditions of Notice 1503 are rectified immediately.

With respect to new applications, managers are requested to ensure compliance with the Conditions of Notice 1503 at all times. Such new applications must be accompanied by confirmation from the manager and the trustee of the scheme that they will ensure that the proposed portfolio will at all times comply with the Conditions of Notice 1503.

REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES

Board Members Dr CDR Rustumjee (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. 7

Signature

Name of Manager

Date

Signature

Name of Trustee

Date