

FINANCIAL SERVICES BOARD

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INFORMATION CIRCULAR NO. 24

TO PERSONS OPERATING HEDGE FUNDS

REGISTRATION OF NEWLY ESTABLISHED HEDGE FUNDS

1. On 25 February 2015 the Minister of Finance in terms of section 63 of the Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA") declared the business of hedge funds as collective investment scheme under Government Notice 141 of 2015 published in Government Gazette Number 38503 ("the Declaration"). Accordingly with effect from 1 April 2015, a hedge fund, as a declared collective investment scheme, would have to be established in terms of the provisions of CISCA.
2. The Declaration provided that persons operating hedge funds would be required to lodge applications with the Registrar to register as a collective investment scheme ("CIS") manager by 30 September 2015. The effect is that operators of unregulated hedge funds would be required to register as a CIS manager as well as establish a scheme including a portfolio or portfolios in terms of CISCA. The application would have to include registration of those unregulated hedge funds existing as at 31 March 2015. Any new hedge funds would have to be registered in accordance with CISCA with effect from 1 April 2015 as that was the effective date of the Declaration.
3. It has come to the Registrar's attention that despite the Declaration some operators have established or continue to establish new hedge funds without registering those funds with the Registrar of Collective Investment Schemes.
4. The Registrar wishes to advise that pursuant to the Declaration anybody who wishes to establish and operate a hedge fund must do so in accordance with the Collective Investment Schemes Control Act, No 45 of 2002 and comply with the requirements determined by the Registrar. Other than those hedge funds that are excluded – segregated mandates and

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private arrangements - any hedge fund that is operated outside of the CISCA framework accordingly falls foul of the law and a person who operates such a hedge fund commits an offence in terms of CISCA.

5. The Registrar through this Circular advises all those persons who are currently operating new hedge funds established after 1 April 2015 to lodge with the Registrar applications for registration as hedge fund managers by no later than 30 September 2015 failing which the Registrar will have to take the necessary regulatory action.



J A BOYD

REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES