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CIRCULAR PF NO. 102

(To all self-administered funds and all fund administrators)

TRADING OFF-MARKET IN LISTED SECURITIES

It has come to the attention of this Office that institutions are contravening section 3 of the Stock Exchange Control Act, 1985 (Athe Act@) which prohibits trading off-market in listed securities.

Section 3(2) read with section 3(7) of the Act provides that:

A(2) No person shall carry on the business of buying and selling listed securities unless -

(a) (i) in the case of such buying and selling on behalf of other persons; or

(ii) in the case of such buying and selling on own account,

he is a member or is an officer or employee of a member, and is authorised under the rules to do such buying and selling; or

(b) ....

(c) he effects such buying and selling through a member if he is not a member or an officer or employee referred to in paragraph (a) or (b).

(7) For the purposes of the preceding provisions of this section -

(a) a person shall not be deemed to be carrying on the business of buying and selling listed securities unless, in the opinion of the Registrar -

(i) it is a regular feature of his business to buy and sell securities on behalf of other persons and on his own account;

(ii) he holds himself out as a person who buys and sells securities.@

AMember@ in the context referred to above means a member firm of a licensed exchange.

It is therefore clear from the above that the trading of listed securities off-market is not allowed unless the exclusions in section 3(7) are applicable. The meaning of the phrase Aregular feature of his business@ is interpreted widely in that ordinarily repeated trades off-market in listed securities are viewed as being in contravention of the prohibition.

It is the firm intention of this Office to enforce compliance with this section.

Any representations to this Office in this regard will receive the necessary attention.

Yours faithfully

REGISTRAR OF PENSION FUNDS