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CIRCULAR PF NO. 103

(To all self-administered funds or their administrators (when applicable) and the administering insurers of funds exempted in terms of section 2(3)(a) of the Act)

PENSION FUNDS ACT, 1956 (ATHE ACT@) : AMENDMENTS TO LEGISLATION DEALING WITH INVESTMENTS OUTSIDE THE REPUBLIC

1. In paragraph 2(e)(ii) of Circular PF 89 of November 1996 funds were advised that the Arecognised exchanges@ referred to in paragraph 4(c) of regulation 28 made under section 36 of the Act will be published by way of notices in the Government Gazettes from time to time and the first list appeared in Government Gazette No 17545 of 8 November 1996 under General Notice of 1575 of 1996.

2. The abovementioned list has now been superceded by Notice No 427 of 1999 in Government Gazette No 19836 of 19 March 1999 in terms of regulation 28(4)(c) of the aforementioned regulations and becomes operative on 1 June 1999 (copy of the Notice with Schedule of Exchanges enclosed).

3. Regulation 28(1)(c) allows the funds to invest assets in Aterritories outside the Republic@ and regulation 28(4)(g), published by Government Notice No.R 1154 in Government Gazette No 19225 of 11 September 1998 defines such territories to include (but not limited to) the territories in which Arecognised exchanges@ operates (List of the Arecognised territories@ enclosed).

4. The effect of these amendments will require funds that will hold investments after 31 May 1999 in territories outside these recognised territories as a result of the new list, to relinquish such investments or approach this Office for an exemption in terms of regulation 28(5) of the said regulations.

5. It should also be noted that in line with paragraph 2(e)(iii) of the aforementioned Circular, foreign investments in unquoted assets are limited to investments in Aterritories recognised@ by the registrar.

6. Funds that intend to invest in territories not so recognised, will have to approach the registrar for approving the territory on the basis that all investments (quoted on exchanges not recognised or unquoted) in such a territory will be treated as unquoted with reference to the Annexure to regulation 28. Boards of management must motivate applications for investments in these territories, illustrating the result of thorough investigations and consideration by them or made on their behalf.

7. Boards of management are directed to the objects and duties in sections 7C and D of the Act in contemplating investments in any territory.

REGISTRAR OF PENSION FUNDS

Enclosures

1. Circular PF No 102 of December 1998 regarding Trading-off market in listed securities was issued to all self-administered funds and all fund administrators.
2. Circulars PF 100 and 101 dated May 1999 are issued simultaneously with this Circular.
3. Website : http://www.fsb.co.za Contact information/departments, Retirement Funds and Friendly Societies.
4. This Circular is also available in Afrikaans and Sotho.

LIST OF RECOGNISED TERRITORIES TERMS OF REGULATION 28(4)(g)

Argentina
Australia
Austria
Brazil
Belgium
Canada
Chile
China
Denmark
Finland
France
Greece
Germany
Indonesia
Iran
Ireland
Israel
Italy
Japan
Korea
Luxembourg
Malaysia
Mexico
Netherlands
New Zealand
Norway
Peru
Philippines
Poland
Portugal
Singapore
Slovenia
Spain
Sri Lanka
Sweden
Switzerland
Taiwan
Thailand
Turkey
United States of America
United Kingdom