FINANCIAL INSTITUTIONS OFFICE,

PRIVATE BAG 238,

PRETORIA.

September, 1961.

CIRCULAR NO. PF2.

(To all privately administered pension funds and State-controlled funds in terms of sect. 2(3)(a)(i) of Act).

INVESTMENTS OUTSIDE THE REPUBLIC.

On enquiries received by this Office, the following rulings were given:-

(a) Calculation of Assets to be held in terms of section 19(1) of the Act:

Where a pension fund has liabilities towards members inside and outside the Republic it is essential that the Fund's liabilities must be matched with assets in the same currency. Consequently this Office has no objection to a registered Fund holding some of its assets outside the Republic for this purpose.

While section 19(1) of the Pension Funds Act, 1956, requires a pension fund to hold 40% of its total assets in the form of approved securities in the Republic, this Office is prepared upon receipt of applications from pension funds concerned, to recommend to the Minister that partial exemption from compliance with section 19(1) of the Act be granted in terms of section 19(6) in order to permit pension funds to calculate the 40% investment on the greater of either the amount of assets actually held in the Republic or the amount of assets required to cover Funds' liabilities within the Republic. In other words, Funds which receive the exemption and which hold assets outside the Republic to cover liabilities there will be allowed to subtract such assets from their total assets before the 40% requirements have to be calculated.

In order to obviate special actuarial calculations of Funds' liabilities inside and outside the Republic, this Office will be prepared to accept in respect of the years between those when normal actuarial valuations are to be made, arithmetical calculations of the respective liabilities based on the numbers of members inside and outside the Republic.

(b) Investments/ .....

(b) Investments in the Federation of Rhodesia and Nyasaland.

It is a requirement under the Exchange Control Regulations of the Government of the Federation of Rhodesia and Nyasaland that shares purchased in that country by a non-resident must be registered in the name of an authorised dealer. As this requirement appears to conflict with section 5(2) of the Pension Funds Act, this Office will raise no objection to pension funds, which have members in the Federation and which as a result have to maintain assets outside the Republic, registering shares purchased in the Federation in the name of an authorised dealer for the account of the Fund concerned as long as circumstances make this necessary.

C A B van Eeden
REGISTRAR OF PENSION FUNDS.

(Circular No. PF1 dealt with the rendition of the 1959 Accounts).

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