FINANCIAL INSTITUTIONS OFFICE
Private Bag X238
PRETORIA

16 April 1974

CIRCULAR NO. P.F. 24
(To all privately administered pensionnfunds)

NEGOTIABLE CERTIFICATES OF DEPOSIT

1. According to the Government Law Advisers an investment in a negotiable certificate of deposit issued by a banking institution does not, for the purposes of section 19(1)(b), constitute an "amount standing to the credit of the fund concerned in an account" with the banking institution and consequently does not qualify as a prescribed asset in terms of that section.

2. Furthermore, the Law Advisers are of the opinion that a negotiable certificate of deposit does not fall within the ambit of the "bonds" or "securities", referred to in section 19(1)(h) of the Act, and consequently cannot be approved as a prescribed asset in terms of that section.

3. In the circumstances investments in negotiable certificates of deposit must in future be included in asset item 4(g) of Schedule "B" and be shown in Statement 10 of Schedule "D" of the prescribed financial statements.

(SGD) S. NEL

REGISTRAR OF PENSION FUNDS

/MEF