

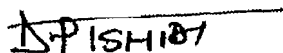
BOARD NOTICE 87 OF 2011**FINANCIAL SERVICES BOARD****FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002****INTERIM COMPLIANCE REPORT FOR CATEGORY IIA FSPs, 2011**

In terms of section 17(4) of the Financial Advisory and Intermediary Services Act, 2002 ("the Act"), I, Dube Phineas Tshidi, the Registrar of Financial Services Providers, determine the manner in which the interim compliance report for Category IIA FSPs must be submitted, and the matters which it must have regard to. This determination was made after consultation with the Advisory Committee on Financial Services Providers.

- (a) Written reports for the reporting periods, by completing the schedule attached hereto, or by completing electronically, online the schedule on the web site of the Financial Services Board (www.fsb.co.za), must be submitted by the following dates:
- (i) 30 September 2011;
 - (ii) 31 January 2012; and
 - (iii) 30 March 2012.
- (b) Answers should not be provided in columns that are shaded in grey in the schedule.
- (c) In this Notice, unless the context indicates otherwise –
- (i) any word or expression shall have the meaning that it was assigned in the Act;
 - (ii) "Code of Conduct" means any Code published under section 15 of the Act;
 - (iii) "Determination of Fit and Proper Requirements" means the Determination of Fit and Proper Requirements for Financial Services Providers, 2008;
 - (iv) "developmental area" means any control, process or compliance issue that has been identified during the monitoring of compliance as an area in respect of which the need for improvement of such control, process or compliance issue has been identified by the provider, and plans are in place to effect such improvements within a reasonable time;
 - (v) "FICA" means the Financial Intelligence Centre Act, 2001;
 - (vi) "Forex Investment Business Code of Conduct" means the Code of Conduct for Authorised Financial Service Providers, and their Representatives, involved in Forex Investment Business, 2004;

- (vii) "FSP", "financial services provider" or "provider" means an authorised financial services provider, and includes, where applicable, any representative of the provider;
- (viii) "General Code of Conduct" or "General Code" means the Code of Conduct for Authorised Financial Services Providers and their Representatives, 2003;
- (ix) "Regulations" means the Financial Advisory and Intermediary Services Regulations, 2003;
- (x) "reporting date" means-
 - (i) 31 August 2011;
 - (ii) 30 November 2011;
 - (iii) 28 February 2012;
- (xi) "reporting period" means the latter of-
 - (aa) the date of authorisation as financial services provider in terms of section 8 of the Act;
 - (bb) the first day of the month following the reporting period for the previous compliance report submitted;
 - (cc) the date of appointment of the compliance officer of the FSP,until the reporting date.

This Determination is called the Interim Compliance Report for Category IIA FSPs, 2011, and comes into operation on the date of publication thereof.

DP TSHIDI

D P TSHIDI,
Registrar of Financial Services Providers

SCHEDULE

Interim Compliance Report for Category IIA FSPs for reporting period ended (insert reporting date)

Scope

In accordance with section 17(4) of the Act, I/we (the approved compliance officer(s) of the FSP hereby report as follows as regards compliance with the Act by (full name of the FSP and the FSP Number) and any representative of the FSP, for the reporting period (date reporting period started) to (reporting date).

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
	SECTION 1 – GENERAL					
1	Financial Products in respect of which FSP renders financial services Authorisation in terms of licence					
1.1	Does the FSP have procedures in place to ensure that the rendering of financial services are done within the limitation on Categories and subcategories for which the licence is issued?					
2	Operational ability and financial soundness Parts VIII, IX and X of Determination of Fit and Proper Requirements					
2.1	Did the assets of the FSP (excluding goodwill, other intangible assets and investments in related parties) at all times exceed the FSP's liabilities (excluding loans validly subordinated in favour of all other creditors) by at least R3 million (taking into account paragraph 8 of the transitional arrangements)?					
2.2	Did the FSP at all times maintain current assets which were at least sufficient to meet the					

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
	current liabilities of the FSP (taking into account paragraph 8 of the transitional arrangements)?					
2.3	Did the FSP at all maintain liquid assets equal to or greater than 13/52 weeks of annual expenditure (taking into account paragraph 8 of the transitional arrangements)?					
SECTION 2 – HEDGE FUND FINANCIAL SERVICES PROVIDERS						
3	Does the FSP manage assets of a hedge fund?					
3.1	If question 3 was answered YES- Questions 4 to 10.13 must be answered and the Statistical Information Sheet (Section 4) must be completed in full					
4	Key individuals and representatives					
4.1	Has there been a change in key individuals and representatives involved in rendering financial services to hedge funds during the reporting period?					
4.2	If the answer to Question 4.1 is YES – Did the FSP inform the Registrar of such changes?					
4.2.1	If the answer to question 4.2 is NO - In a separate annexure, provide details of changes in key individuals and representatives as well as reasons for not informing the Registrar of such changes, Indicate the annexure number in column 5.					
5	Determination of Fit and Proper Requirements					
5.1	If any changes occurred in key individuals and representatives without informing the Registrar, list the names and experience of the key individuals and representatives in respect of their particular hedge fund strategy in a separate annexure. In the case of juristic representatives, list the key individuals of the juristic representatives and all natural persons rendering financial services on behalf of the juristic representative). Indicate the annexure number in column 5.					

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
5.2	Does the FSP have procedures in place to ensure that representatives and key individuals are competent to render financial services to hedge fund portfolios, taking into account the Determination of Fit and Proper Requirements?					
6	Code of Conduct for Discretionary FSPs, 2003 and Notice on Hedge Fund FSP Disclosures, 2008					
6.1	Did you (compliance officer) perform monitoring procedures to ensure that the hedge fund FSP complied with paragraph 8A (1) to (4) of the Code of Conduct for Discretionary FSPs, 2003 for the reporting period?					
6.2	<i>If the answer to question 6.1 was YES –</i> If non-compliance with paragraph 8A(1) to (4) was identified during monitoring procedures provide the details of such non-compliance as well as the steps taken to reasonably ensure that such non-compliance does not occur again in a separate annexure. Indicate the annexure number in column 5.					
6.3	Did you (compliance officer) perform monitoring procedures to ensure that the risk disclosure document as in paragraph 8A(2)(b)) of Code of Conduct for Discretionary FSPs, 2003 and Notice on Hedge Fund FSP Disclosures, 2008 has been included in the mandate?					
7	Financial products and underlying assets					
7.1	Did any change occur during the reporting period in respect of the financial products that comprise the hedge fund portfolios of the FSP?					
7.2	<i>If the answer to question 7.1 is YES -</i> In a separate annexure, list all financial products that comprise the hedge fund portfolios of the FSP. Indicate the changes that were made to the hedge portfolios. Indicate the annexure number in column 5.					
7.3	Are there any over the counter products in the hedge fund portfolios of the FSP?					
7.4	<i>If the answer to question 7.3 is YES –</i> Provide a list of the over the counter products in a separate annexure. Indicate the annexure number in Column 5.					

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
8	Structure of Hedge Fund FSP					
8.1	Did any change occur on the structures that are used to contain or house the hedge fund portfolios since the last reporting period?					
8.2	<i>If the answer to question 8.1 is YES -</i> In a separate annexure, provide details on the change of structure. Indicate the annexure number in column 5.					
8.3	In a separate annexure, outline the process followed in respect of flow of funds from the time when the client makes a deposit to when the funds are utilised by the portfolio manager. Indicate the annexure number in column 5.					
9	Risk management <i>Part IX of General Code of Conduct</i>					
9.1	Does the Hedge Fund FSP have a risk management plan in place in accordance with Part IX of the General Code of Conduct describing the risk management process in respect of the hedge fund management business?					
9.2	Did the FSP disclose the risks as published in <i>Notice on Hedge Fund FSP Disclosures, 2008</i> in respect of hedge funds to its investors in the hedge fund portfolios at all times during the reporting period?					
9.3	Did the person(s) responsible for risk management of hedge fund portfolios change during the reporting period?					
9.4	<i>If the answer to question 9.3 is YES -</i> In a separate annexure, provide details (name, ID number, qualifications and experience) of the person responsible for risk management of hedge fund portfolios. If the function is outsourced, provide full details of the entity to which it is outsourced as well as the details of the responsible persons within the outsourced company. Indicate the annexure number in column 5.					
10	General					

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No. Comment/ Annexure
10.1	Did the person(s) responsible for the administration of hedge fund portfolios change during the reporting period?					
10.2	<i>If the answer to question 10.1 is YES -</i> In a separate annexure, provide details (name, ID number, qualifications and experience) of the person responsible for the administration of the hedge fund portfolio. If the function is outsourced, provide full details of the entity to which it is outsourced as well as details of the responsible person at the outsourced party. Indicate the annexure number in column 5.					
10.3	Did the person(s) responsible for the valuations of the hedge fund portfolios change during the reporting period?					
10.4	<i>If the answer to question 10.3 is YES -</i> In a separate annexure, provide details (name, ID number, qualifications and experience) of the person responsible for the valuation of the hedge fund portfolios. If the function is outsourced, provide full details of the entity to which it is outsourced, as well as details of responsible person at the outsourced party. Indicate the annexure number in column 5.					
10.5	Did the FSP provide valuations during the reporting period for any instruments to the fund administrators which, to the best of the FSPs knowledge, are relied upon by the administrator in valuating the fund?					
10.6	In a separate annexure, indicate the name of the auditing firm that signed the most recent audit opinion. Indicate the annexure number in column 5.					
10.7	In a separate annexure, indicate the name(s) of prime broker(s) used during the reporting period. Indicate the annexure number in column 5.					
10.8	In a separate annexure, indicate the name(s) of third party administrator(s) used during the reporting period. Indicate the annexure number in column 5.					
10.9	In a separate annexure indicate the hedge fund strategies utilised during the reporting period.					
10.10	Have any changes occurred in the operational ability of the FSP during the reporting period?					

Question		Column				
		1	2	3	4	5
		Yes	No	Not applicable	Develop - mental area	Note No Comment/ Annexure
10.11	<i>If the answer to Question 10.10 is YES –</i> In a separate annexure, attach an updated Form 15B (available as part of the application form), clearly indicating the changes in operational ability.					
10.12	Did the Registrar approve all specimen mandates of the hedge fund portfolios used during the reporting period?					
10.12.1	<i>If the answer to Question 10.12 is NO –</i> Attach a copy of the mandate to be approved as a separate annexure and indicate the annexure number in column 5.					
10.13	Did the FSP breach any mandate during the reporting period? If YES – complete the relevant information on the Statistical Information Sheet (Section 4)					

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SECTION 4 - STATISTICAL INFORMATION SHEET

TYPE OF INFORMATION REQUIRED	RELEVANT QUESTION NUMBER	NUMERIC AMOUNT
Number of times that the FSP breached their mandate during the reporting period.	10.13	

COMPULSORY TABLE FOR COMPLETION:

Total market value of hedge fund assets for the following type of hedge fund structure:	Local (Rand amount)	Foreign (Rand amount)	Total (Rand amount)
Trusts			
Partnerships			
Companies: Debentures			
Companies: Shares			
Segregated client accounts: Financial institutions			
Segregated client accounts: Natural persons			
Segregated client accounts: Juristic entities other than financial institutions			
Other (Please specify)			
TOTAL			

COMPULSORY TABLE FOR COMPLETION:

Total market value of assets under management at reporting date for the following type of investors invested in Hedge Fund Structures	Local (Rand amount)	Foreign (Rand amount)	Total (Rand amount)
Private clients (individuals or entities not listed below)			
Retirement funds			
Collective investment schemes			

Long-term insurers			
Short-term insurers			
Fund of hedge funds			
Seed capital			
Other (Please specify)			
TOTAL			

Completed and signed by FSP

Name of FSP

FSP number

Name of key individual

ID number of key individual

Date appointed as key individual

Signature

Date

Completed and signed by compliance officer(s)

Name(s) of compliance officer(s) of FSP

ID number(s) of compliance officer(s)

Name(s) of compliance practice(s) (if applicable)

Reference number(s) of compliance officer(s)/practice(s)

Signature(s) of compliance officer(s)

Date

Telephone number

Fax number

E-mail address

DECLARATION SIGNED BY COMPLIANCE OFFICER(S) SUBMITTING INTERIM COMPLIANCE REPORT

Compliance report in terms of section 17(4) of the Act by compliance officer(s) for the reporting period _____ (insert date) until _____ (insert reporting date).

I/we _____ (compliance officer(s))) hereby report as follows as regards compliance by _____ (insert full names of FSP and FSP number) and any representative of the FSP with the Act, for the reporting period _____.

Having completed the attached annual compliance report for the FSP, I/we hereby confirm that, to the best of my/our knowledge and ability all the information contained in the attached annual compliance report is true and correct.

I/we are aware that the information contained in the attached annual compliance report may be subject to verification by the Registrar of Financial Services Providers, and should I/we knowingly submit false, incorrect or misleading information to the Registrar, this may impact on my/our compliance with the fit and proper requirements with regard to personal character qualities of honesty and integrity as determined by section 8(1) of the Act.

Signed on _____ (day) _____ (month) _____ (year).

Name(s) of compliance officer(s): _____

Signature(s): _____