

BOARD NOTICE 39 OF 2014**FINANCIAL SERVICES BOARD****COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002****DETERMINATION OF PERMISSIBLE DEDUCTIONS FROM A PORTFOLIO**

Under sections 93(2) and 114(5) of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), (**"the Act"**) I, Dube P Tshidi, Registrar of Collective Investment Schemes, hereby determine further permissible deductions from a portfolio in collective investment schemes in property (**"scheme"**) as provided in the Schedule.

**D P TSHIDI****REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES****SCHEDULE****1. Definitions**

In this Schedule any word or expression to which meaning is assigned in the Act shall have that meaning, unless the context otherwise indicates or the term is defined in this Schedule.

2. Background and Purpose

- (1) Where a manager and the trustee of a scheme propose, pursuant to a ballot of holders of participatory interests in that scheme (**"investors"**), to amend the determination of the service charges (i.e. the monthly management fees and/or initial charges, as the case may be (**"service charges"**) provided in the deed from one basis to another including from a percentage basis to a cost recovery basis, subject to the payment to the manager of a consideration (**"the consideration"**), the authority of the Registrar is required to permit the manager to pay the consideration out of the funds of the portfolio of that scheme (**"portfolio"**), in terms of section 93(2) of the Act.

- (2) The purpose of this Notice is to determine that, subject to compliance with the provisions of paragraph 3 of this Schedule, the payment of the consideration to the manager out of the funds of the portfolio is a permissible deduction in terms of section 93(2) of the Act.

3. Permissible deduction from a portfolio

- (1) Subject to the provisions of the Act and where applicable, the deed, a manager may deduct the consideration from the portfolio provided that the manager:-
- (a) obtains the consent of the Registrar prior to effecting a transaction for the payment of consideration to it; and
 - (b) obtains the consent of investors by way of a ballot conducted in accordance with the deed.

4. Commencement

This Notice comes into effect on the date of publication.