
BOARD NOTICE

NOTICE 57 OF 2014 FINANCIAL SERVICES BOARD

COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002

EXEMPTION OF A MANAGER OF A COLLECTIVE INVESTMENT SCHEME IN SECURITIES FROM CERTAIN PROVISIONS OF BOARD NOTICE 80 OF 2012

I, Dube Phineas Tshidi, Registrar of Collective Investment Schemes, hereby, under section 22(a) of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), ("**the Act**") exempt certain managers of collective investment schemes in securities from certain provisions of Board Notice 80 of 2012 published in *Government Gazette* No. 35321 of 10 May 2012 ("**the Notice**") to the extent and subject to the conditions as set out in the Schedule.



DP TSHIDI

REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES

SCHEDULE

1. Definitions

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

“**AAOIFI**” means the Accounting and Auditing Organisation for Islamic Financial Institutions.

2. Background and Purpose

(1) The Notice determines the types of instruments in which managers may include in a portfolio of a collective investment scheme in securities. The Registrar issued Board Notice 82 of 2013 published in Government Gazette Number 36472 of 24 May 2013 in terms of which managers operating a portfolio in compliance with the standards of AAOIFI are exempted from the limits prescribed in Chapters I and II of the Notice. The exemption is due to expire on 31 May 2014.

(2) The Registrar is cognizant that the market for Shari’ah compliant instruments in South Africa is not yet sufficiently developed to enable full compliance with the Notice and accordingly the Registrar considers it to be in the public interest that a further exemption from the provisions of the Notice be granted.

(3) The purpose of this Notice is to grant an exemption from the Notice and prescribe conditions applicable to the exemption.

3. Extent of Exemption

(1) A manager that administers a portfolio as contemplated in chapters I and II of the Notice in compliance with the relevant standards of AAOIFI, in terms of which the portfolio may invest in Islamic bonds or Islamic compliant instruments, as defined in the Notice, is exempted from compliance with the inclusion limits prescribed in Table 1 of paragraph 3(9)(a) and Table 3 of

paragraph 6(1) of the Notice, on condition that:

- (a) the manager must, for the duration of the exemption, apply the limits as set out in Table 2 of paragraph 3(9)(f) and Table 4 of paragraph 6(4) of the Notice;
 - (b) the exemption shall be effective for an initial period of twenty four months from the date of commencement of this exemption notice ("the initial period"); and
 - (c) each manager reviews and assesses the development and growth of the Islamic financial services in South Africa on a continuous basis and at least four months prior to the end of the initial period furnishes the Registrar with a report indicating the status of the market for Islamic financial services in South Africa.
- (2) This exemption only applies to managers of portfolios that invest in Islamic compliant instruments and Islamic bonds as defined in the Notice.

4. Commencement and repeal

- (1) This Notice comes into effect on 1 June 2014 and remains effective until 31 May 2016 or until it is withdrawn by the Registrar.
 - (2) This Notice repeals Board Notice 82 of 2013 published under *Government Gazette* No. 36472 of 24 May 2013.
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