

---

**BOARD NOTICES • RAADSKENNISGEWINGS**

---

**BOARD NOTICE 136 OF 2016****COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002****EXEMPTION OF A MANAGER OF A COLLECTIVE INVESTMENT SCHEME IN  
SECURITIES FROM CERTAIN PROVISIONS OF BOARD NOTICE 90 OF 2014**

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 90 of 2014 published in *Government Gazette* No. 37895 of 8 August 2014 (**"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 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;

**“Islamic compliant Instrument”** means an instrument, including a Sukuk, held in a Shari’ah Compliant Portfolio, being a collective investment scheme, structured in such a manner that the instrument held by the portfolio will be a security as defined under paragraph 2(1)(a) of the Notice;

**“Shari’ah Compliant Portfolio”** means a portfolio of a collective investment scheme in securities that is constituted of Islamic Compliant Instruments and is operated in compliance with the standards of AAOIFI.

### 2. Background and Purpose

(1) The Notice determines the types of securities which a manager may include and the manner and extent of inclusion of such securities in a portfolio of a collective investment scheme in securities.

(2) The Notice determines specific requirements in terms of which a manager operating a Shari’ah Compliant Portfolio is permitted to include an Islamic compliant instrument in either a standard portfolio or a money market portfolio of a collective investment scheme in securities.

(3) The specific limits and requirements, as prescribed in the Notice, are only applicable for a period of 24 months from the effective date of the Notice. Accordingly the specific requirements are only applicable until 7 August 2016 whereafter a manager of a Shari’ah Compliant Portfolio will be required to comply with the general limits prescribed for a standard portfolio and a money market portfolio of a collective investment scheme in securities.

(4) The Registrar has assessed the market for Islamic compliant instruments in South Africa which is gradually growing; however, it is not yet sufficiently developed to enable full compliance with the Notice by a manager of a Shari'ah Compliant Portfolio. The Registrar accordingly considers it to be in the public interest to grant an exemption from the provisions of the Notice subsequent to 7 August 2016.

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

### **3. Extent of Exemption**

(1) A manager that administers a Shari'ah Compliant Portfolio as contemplated in chapters I and II of the Notice, in terms of which the portfolio may invest in Islamic compliant instruments as defined in the Notice, is exempted from compliance with the inclusion limits prescribed in paragraphs 3(9)(a) Table 1 and paragraph 6(1) Table 2 of the Notice on condition that:

- (a) the manager shall, for the duration of the exemption, apply the limits as set out in Table A of paragraph 3(19)(c) and Table B of paragraph 8(14)(a) of the Notice;
- (b) the exemption shall be effective for a period of thirty six months from the date of commencement of this exemption notice ("the effective period") or until it is repealed, whichever is the earlier; 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 effective period furnishes the Registrar with a report indicating the status of the market for Islamic financial services in South Africa and the level of growth of the manager's Shari'ah compliant portfolio or portfolios.

(2) This exemption only applies to managers of portfolios that invest in Islamic compliant instruments as defined in the Notice.

#### **4. Commencement**

This Notice commences on 8 August 2016 and remains effective for the effective period or until it is repealed by the Registrar, whichever is the earlier.