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GENERAL NOTICES

NOTICE 2071 OF 2003 FINANCIAL SERVICES BOARD

COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002

DETERMINATION OF SECURITIES, CLASSES OF SECURITIES, ASSETS OR CLASSES OF ASSETS THAT MAY BE INCLUDED IN A PORTFOLIO OF A COLLECTIVE INVESTMENT SCHEME IN SECURITIES AND THE MANNER IN WHICH AND LIMITS AND CONDITIONS SUBJECT TO WHICH SECURITIES OR ASSETS MAY BE SO INCLUDED

Under sections 40, 46 and 85 of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), I, Jeffrey van Rooyen, Registrar of Collective Investment Schemes, hereby determine in the Schedule in respect of a collective investment scheme in securities –

- (a) the portfolios in which securities, classes of securities, assets or classes of assets may be included;
- (b) the securities, classes securities, assets or classes of assets that may be so included; and
- (c) the manner in which and the limits and conditions subject to which securities, classes of securities, assets or classes of assets may be so included.



REGISTRAR OF COLLECTIVE INVESTMENT SCHEMES

SCHEDULE

Definition

1. In this Schedule –

“assets in liquid form” means –

- (a) any amount of cash consisting of Reserve Bank notes and subsidiary coin;
- (b) any instrument determined in Chapters III and IV; or
- (c) participatory interests in money market portfolios referred to in Chapters III and IV,

and which is capable of being converted into cash within seven days;

“guarantee” means a guarantee covering both full and timely debt service and full and timely redemption of debt;

“rating” means a credit rating, conducted at the request of the issuer of an instrument, by a rating agency with unrestricted access to all confidential and other sensitive information, including management interaction, and which rating must be publicly disclosed;

“rating agency” means –

- (a) Standard & Poor's (S&P);
- (b) Moody's Investor Services Limited or Moody's Investor Services South Africa (Pty) Limited (Moody's);
- (c) Fitch Ratings Limited or Fitch Southern Africa (Pty) Limited (Fitch Ratings);
- (d) CA-Ratings; and
- (e) Global Credit Rating Co. (GCR); and

“the Act” means the Collective Investment Schemes Control Act, 2002

(Act No. 45 of 2002), and any word or expression to which a meaning has been assigned in the Act bears the meaning so assigned to it.

CHAPTER I

GENERAL PORTFOLIO

Application of Chapter

2. (1) For the purposes of this Chapter -

"securities" means –

- (a) shares, stock, including loan stock as defined in section 1 of the Financial Markets Control Act, 1989 (Act No. 55 of 1989), participatory interests in a collective investment scheme (excluding participatory interests in a collective investment scheme in participation bonds), whether listed or not, debentures, debenture stock and debenture bonds, unsecured notes, whether or not they have inherent option rights or are convertible;
 - (b) the following listed financial instruments:
 - (i) A futures contract;
 - (ii) an option contract;
 - (iii) a warrant;
 - (iv) an index tracking certificate; and
 - (v) an instrument based on an underlying asset; or
 - (c) any asset referred to in the definition of "assets in liquid form" in paragraph 1.
- (2) This Chapter applies to a portfolio that consists of securities referred to in the definition of "securities" in paragraph 2(1) but does not apply to any other portfolio specifically dealt with in Chapters III, IV, V and VI.

Conditions and limits of inclusion

3. (1) Subject to subparagraphs (4), (9), (10), (11) and (12), no manager may include in a portfolio - -
- (a) securities issued by any one concern to an amount in excess of five per cent, or in the case of a concern with a market capitalisation of R2 billion or more, 10 per cent, of the market value of all the assets comprised in the portfolio, or 120 per cent of that securities' free float weighting in the relevant Headline, Economic Group or Specialist Index as published by the JSE Securities Exchange South Africa, whichever is the greater, subject to -
 - (i) a maximum of 20 per cent of the market value of all the assets comprising the portfolio where the benchmark is the FTSE/JSE All Share Index;
 - (ii) a maximum of 35 per cent of the market value of all the assets comprising the portfolio where the benchmark is a Headline, Economic Group or Specialist Index other than the FTSE/JSE All Share Index,except in so far as the excess is due to appreciation or depreciation of the value of the underlying assets comprised in that portfolio, provided that as long as the market value of an investment in any particular concern exceeds the limit specified in subparagraph (a), the manager may not purchase any further securities issued by that concern; or
 - (b) securities of any one class issued by any one concern to an amount in excess of five per cent, or in the case of a concern with a market capitalisation of R2 billion or more, 10 per cent, or in the case of securities in any investment company, 10 per cent, of the aggregate amount of the securities of any one class issued by such concern or company, subject to -