



Financial Sector
Conduct Authority

FSCA CISCA NOTICE 1 OF 2018

COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002 (ACT NO. 45 OF 2002)

EXEMPTION OF A MANAGER OF A COLLECTIVE INVESTMENT SCHEME IN SECURITIES FROM CERTAIN PROVISIONS OF BOARD NOTICE 90 OF 2014

I, Jurgen Arnold Boyd, under section 22(a) of the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), read with 281(3)(b) of the Financial Sector Regulation Act, 2017 hereby exempt STANLIB Collective Investments (RF) (Pty) Ltd, a manager of a collective investment scheme in securities, from certain provisions of Board Notice 90 of 2014 ("the Notice") to the extent and subject to the conditions set out in the Schedule.

J. A. BOYD

For the Financial Sector Conduct Authority

SCHEDULE

1. Definitions

In this Schedule, **“the Act”** means the Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), any word or expression to which meaning is assigned in the Act bears that meaning, and unless the context otherwise indicates.

“Feeder fund” means a portfolio that consists of exchange rate swaps (where applicable and permitted in terms of the supplemental deed), assets in liquid form and participatory interests in a single portfolio of a collective investment scheme in securities, whether listed on an exchange or not.

“STANLIB” means STANLIB Collective Investments (RF) (Pty) Ltd, a company incorporated in accordance with the Companies Act, which is registered as a manager in accordance with the Act.

“The Notice” means Board Notice 90 of 2014 issued in terms of sections 40, 45(a)(ii) and (b)(ii), 46 and 85 of the Act which determines 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 the limits and conditions subject to which securities or assets may be so included.

2. Background and purpose

- (1) STANLIB applied to the Authority (previously Registrar of Collective Investment Schemes of the Financial Services Board) for conversion of the Stanlib Africa Equity Fund, which was approved as a standard portfolio (as contemplated in Chapter 1 of the Notice) to a feeder fund, namely the Stanlib Africa Equity Feeder Fund.
- (2) The conversion was approved by the Authority on the 22nd of March 2018.
- (3) Chapter IV of the Notice outlines the requirements that Stanlib Africa Equity Feeder Fund has to comply with. More specifically, paragraph 11 of Chapter IV stipulates the underlying assets to be included in a feeder fund portfolio.

STANLIB is currently in the process of converting and structuring the portfolio to be compliant with paragraph 11 of Chapter IV of the Notice.

- (4) As a result of the conversion, STANLIB has to first dispose of the underlying securities of the Fund and then purchase units in the underlying Luxembourg-domiciled portfolio. It is anticipated that this will, for a limited period, result in the Fund not complying with the Notice, which requires that it should at all times be invested in a single collective investment scheme in securities portfolio.
- (5) It is envisaged that the conversion process will be carried out in tranches, as it would not be in the best interest of investors for the assets of the entire portfolio to be realised at once.
- (6) The exemption will allow STANLIB to hold assets other than that of a collective investment scheme portfolio from the 22nd of March 2018, until such time that the disposal of the assets of the Stanlib Africa Equity fund is completed, but no later than 31 December 2018.
- (7) The Authority is satisfied that the exemption complies with the requirements of section 22 of the Act.

3. The extent of the exemption and conditions

- (1) STANLIB is exempted from Paragraph 11 of the Notice which prescribes what a feeder fund invests in.
- (2) The exemption is subject to the following conditions:
 - 2.1 STANLIB is required to notify all the investors in the Fund on the exemption and any impact it may have on their investments.
 - 2.2 STANLIB has to report monthly to the Authority on the progress of the conversion and a view on how the risks to investors are managed throughout this process, until such time that the conversion is complete.
- (3) The exemption applies for the limited period specified in paragraph 4.

4. Commencement

This exemption comes into operation on date of publication on the website of the Financial Sector Conduct Authority and will cease to apply on 31 December 2018.