

ASISH

ASSOCIATION FOR SAVINGS & INVESTMENT SA

*CISCA*

## CISCA Review

Process on-going - ASISA requests

- Refine definition of “administration”
- Separation of role of trustee from custodian
- Improve s 90 to allow registrar to determine accounting standard
- Extend s 93 listing costs to apply to all CIS
- Correct s 96 to align with exemption
- Clarify s 98 ballot requirements to apply to original portfolio only
- Possible inclusion of a new part for Hedge funds

### General/Standard portfolio

- ❑ Inclusion of Shariah compliant instruments
- ❑ Increase limits of investments in CIS to 80% (with a 20% sub-limit per CIS)
- ❑ Permit up to 10% investment in unlisted securities - no need to list
- ❑ Removal of the reliance on ratings by agencies - limits determined on criteria of the issuing entity
  - Sovereign Government Issuers
  - SARB and Banks listed on exchanges or subsidiaries of these listed banks
  - Entities listed on exchanges
  - Public entities under the PFMA
  - Other entities
- ❑ FCIS s65 approved automatic inclusion else due diligence i.t.o. N 2076

## Money Market Portfolio

- ❑ Removal of the reliance and foreign ratings - limits determined on criteria of the issuing entity:
  - Sovereign Government Issuers
  - SARB and Banks listed on exchanges
  - Entities listed on exchanges
  - Public entities under the PFMA
  - Other entities
- ❑ Weighted Average Maturity has been retained at 90 days
- ❑ New limit of a Weighted Average Life of 90 days included
- ❑ Money market in foreign currency portfolio has been deleted as it is not appropriate

## Fund of Funds and Feeder Funds

- FCIS s65 approved automatic inclusion else due diligence i.t.o. N 2076
- Permits forward currency and exchange rate swaps

## Non-equity security provisions included in Chapter 1

## Financial Instruments moved to Chapter V

- Largely unchanged
- Includes FRA and swaps on index

- ❑ To be regulated under Part VII of CISCA
- ❑ Limit on the underlying types of assets
- ❑ Limits on gearing and leverage
- ❑ FSB has produced a paper on their view
- ❑ FSB is engaging industry to draft regulation
- ❑ Will incorporate UCITS type of risk management program

- ❑ FSB Draft notice published for comment
- ❑ Provides for incubator and co-branded arrangements
- ❑ Limits to 30% of assets of # of portfolios
- ❑ Incubator has three years to apply for Manco
- ❑ Co-branded to include Manco name in portfolio name

- ❑ No distinction between incubator & co-branding
- ❑ Review seed capital requirements R50m - no gradual withdrawal
- ❑ Insert ACI TPF/Co-branding standard provisions
- ❑ Additional compliance requirements
- ❑ Where abuses occur additional auditor involvement