



FSCA CONDUCT STANDARD 3 OF 2025 (CIS)
REQUIREMENTS FOR MANAGERS OF COLLECTIVE INVESTMENT SCHEMES

FINANCIAL SECTOR REGULATION ACT, 2017

COLLECTIVE INVESTMENT SCHEMES CONTROL ACT, 2002

The Financial Sector Conduct Authority hereby, in terms of section 106(1) of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017) (FSR Act), hereby makes a conduct standard setting out the requirements for managers of collective investment schemes as set out in the Schedule.

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FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

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SCHEDULE

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CHAPTER 1

DEFINITIONS AND APPLICATION

1. Definitions

In this Schedule, **“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, and –

“authorised user” has the meaning assigned to the term in section 1 of the Financial Markets Act, 2012 (Act No. 19 of 2012);

“control function” has the meaning assigned to the term in section 1(1) of the Financial Sector Regulation Act;

“EPM” means Efficient Portfolio Management, which refers to managing a collective investment scheme or portfolio in a way that is designed and aimed to give effect to the following principles:

- (a) Assets included in a portfolio are economically appropriate, in that they are realized in a cost-effective way;
- (b) reduces or maintains the risk profile of the portfolio. ;
- (c) reduction of costs;
- (d) generation of additional capital or income for the portfolio with a risk level which is consistent with the risk profile of the portfolio and any risk diversification requirements provided for in the Act; and
- (e) achieving the investment objectives of the portfolio;

“Financial Sector Regulation Act” means the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);

“financial services provider” has the meaning assigned to the term in section 1 of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002);

“governing body” has the meaning assigned to the term in section 1(1) of the Financial Sector Regulation Act;

“head of a control function” has the meaning assigned to the term in section 1(1) of the Financial Sector Regulation Act;

“investment manager” means a delegated person as referred to in section 4(5)(a) of the Act that, in terms of a delegation, is appointed to manage a part or all of the assets of a portfolio, but excludes a sub-investment manager;

“key person” has the meaning defined in section 1(1) of the Financial Sector Regulation Act;

“prospectus” means a pre-contractual disclosure document consistent with a deed;

“related party” has the meaning defined in section 1(1) of the Financial Sector Regulation Act;

“significant owner” has the meaning assigned to the term in section 1(1) of the Financial Sector Regulation Act;

“senior management” means any one or more of the persons referred to in paragraphs (b) to (e) of the definition of ‘key person’ in the Financial Sector Regulation Act;

“sub-custodian” means a person appointed in accordance with section 68(6)(a) of the Act;

“sub-investment manager” means a delegated person, as referred to in section 4(5)(a) of the Act that, in terms of a sub-delegation,¹ is appointed to manage a part or all of the assets of a portfolio;

“staff member” has the meaning defined in section 1(1) of the Financial Sector Regulation Act; and

“trade execution” means an activity where a person acquires, buys, sells, deals, trades, invests in or disinvests from, or replaces or varies one or more financial products, financial instruments or foreign currency.

2. Application

This Conduct Standard applies to managers, excluding managers of a collective investment schemes in participation bonds.

3. Proportionate application

This conduct standard may be applied in a manner that is proportionate to the nature, size, scale and complexity of the manager, taking into account its business and operating model, scope of activities, investor profile and associated level of risk exposure, unless the nature and context of a specific requirement does not accommodate proportionate application.²

CHAPTER 2

BUSINESS PRINCIPLES, GOVERNANCE AND CONTROL FUNCTIONS

4. Business principles and governance

(1) A manager must at all times –

- (a) act in good faith and treat investors fairly;
- (b) conduct its business transparently and with integrity.

(2) The governing body of a manager is accountable for —

- (a) compliance with the requirements of the Act and relevant Conduct Standards;

¹ As referred to in footnote 1 of the Requirements for Delegation of Administration functions by a Manager of a Collective Investment Scheme, 2020.

² Requirements that will typically accommodate proportionate application include requirements relating to establishing governance arrangements, frameworks, functions (meaning the function setup, not the requirement to establish a function), policies, processes and the like. Requirements that will typically not accommodate proportionate application includes requirements such as specific notifications or approvals, specific appointments (unless specifically provided for), outright prohibitions, and the like.

- (b) approval of the governance arrangements referred to in subparagraph (3); and
 - (c) overseeing the establishment, implementation, ongoing review of, and continued compliance with, the governance arrangements referred to in subparagraph (3).
- (3) A manager must establish, document, implement, monitor and continually review the effectiveness of governance arrangements that are necessary to ensure compliance with the requirements in the Act and relevant Conduct Standards.
- (4) The governance arrangements referred to in subparagraph (3) must be effective and —
- (a) promote the sound and prudent management of the collective investment scheme;
 - (b) promote accountability of key persons and address roles, responsibilities and duties of the governing body and key persons;
 - (c) ensure that key persons possess the necessary skills, knowledge and expertise, and have appropriate resources, to fulfil their functions, and perform those functions in a manner consistent with the Act and relevant Conduct Standards;
 - (d) provide for mechanisms to identify and, where appropriate, remove practices that, or persons whose, conduct materially increases the risk of the manager not complying with the Act or relevant Conduct Standards;
 - (e) provide for management processes and responsibilities and the establishment, implementation and management of control functions within the manager; and
 - (f) demonstrate how the manager will comply with the Act and relevant Conduct Standards.

5. Risk management

- (1) A manager must document, establish and implement an appropriate, efficient and effective risk management framework –
- (a) which consists of a risk management strategy, policies, and related procedures, and tools for identifying, assessing, monitoring, reporting, and mitigating risks, including conduct risk specifically, that may affect its ability to meet its obligations and responsibilities towards investors, collective investment schemes and portfolios;
 - (b) that provides for the matters referred to in Parts VII and VIII of the “Determination of Fit and Proper Requirements and Conditions for Managers of Collective Investment Schemes”, published under General Notice 910 of 2010 in *Government Gazette* No. 33571 of 21 September 2010.
- (2) The risk management framework referred to in subparagraph (1) must include a risk appetite for the manager that is aligned with its risk management strategy and business plan objectives.
- (3) A manager must establish, maintain and operate within a system of effective internal controls designed to ensure that the risk management framework is operating effectively and that there is regular risk-based monitoring and evaluation of the adequacy and

effectiveness of the systems, processes, internal controls and measures to address and identify deficiencies.

- (4) A manager must establish and maintain an effective risk management function as part of its overall governance and risk management framework.
- (5) A manager's risk management function must assist the governing body and senior management of the manager to –
 - (a) develop and maintain the risk management framework referred to in subparagraph (1), including identifying, assessing, monitoring, mitigating and reporting on the manager's material risks; and
 - (b) promote and sustain a sound risk culture.
- (6) As part of its risk management framework a manager must implement appropriate liquidity risk management measures on a periodic basis to assess each portfolio's ability to respond to extreme or unfavourable economic or financial positions, such as undertaking stress and scenario tests on a periodic basis.

6. Compliance

- (1) A manager must establish, implement and maintain a clear and documented compliance risk management framework that includes adequate policies and procedures designed to detect and manage compliance risk effectively.
- (2) A manager must establish and maintain an effective compliance function as part of its overall governance and compliance risk management framework.
- (3) A manager's compliance function must support the manager's governing body and senior management to enhance effective co-ordination of compliance strategies within the manager and assist the manager to effectively manage its compliance risk.
- (4) A manager's compliance function must operate independently and, on an ongoing basis, monitor and evaluate the adequacy and effectiveness of the measures, policies and procedures put in place in accordance with subparagraph (1), and determine the actions to be taken to address any deficiencies in the manager's compliance with its obligations.
- (5) To enable the compliance function to perform its responsibilities properly and independently, a manager must ensure that –
 - (a) the compliance function has the necessary authority, resources, expertise, and access to all relevant information; and
 - (b) persons in the compliance function are not involved in the performance of services or activities they monitor.

7. Internal audit

- (1) A manager must establish and maintain an internal audit function which is separate and independent from the day-to-day functions and operational activities of the manager.
- (2) The internal audit function must -
 - (a) establish, implement, and maintain an audit plan to examine and evaluate the adequacy and effectiveness of the manager's accounting systems, internal control mechanisms and governance arrangements;

- (b) where applicable issue recommendations based on the results of work carried out in accordance with item (a);
- (c) where applicable verify compliance with the recommendations referred to in item (b); and
- (d) report internal audit matters to senior management, the governing body and relevant committees.

8. Heads of control functions

- (1) A manager must appoint a head of a control function for the risk management function, compliance function and internal audit function, respectively, who are responsible for overseeing the effective operation of the control function.
- (2) A manager's head of a control function must –
 - (a) be a person that is honest and has integrity;
 - (b) possess the necessary competence, including experience, qualifications and knowledge, to fulfil the appointed role.
- (3) A manager's head of a control function must have –
 - (a) sufficient seniority and authority to be effective;
 - (b) reporting lines that support their independence, including appropriate segregation of duties from operational business line responsibilities;
 - (c) unrestricted access to relevant information; and
 - (d) direct access to senior management, the governing body and relevant committees, for the purpose of raising concerns about the effectiveness of the control function or, where relevant, system of internal controls.
- (4) A head of a control function must report to senior management, the governing body and any relevant committees on at least a quarterly basis on matters relevant to the control function, including on deficiencies or shortcomings and whether appropriate remedial measures have been taken to rectify the deficiency or shortcoming.
- (5) A manager may not appoint a head of a compliance function without the approval of the Authority.
- (6) A manager must notify the Authority of the appointment of a head of a risk management function or internal audit function within 30 days after such an appointment takes place.
- (7) A manager must notify the Authority of the intended termination of the head of a control function 30 days before the termination takes place, or if such prior notification is not reasonably or practicably possible, a manager must notify the Authority of the intended termination as soon as reasonably possible together with reasons why such notification could not be provided 30 days before the termination.
- (8) The Authority may, by notice on its website, determine the form, manner and content of a request for approval or notification referred to in subparagraphs (5) to (7).

9. Outsourcing of control functions and heads of control functions

- (1) A manager may not outsource a control function or the head of a control function, unless such outsourcing is appropriate in the light of the nature, size, scale and complexity of the manager, taking into account its business and operating model, scope of activities, investor profile and associated level of risk exposure.³
- (2) If a manager outsources a control function or the head of a control function, the manager remains accountable for that control function or head of the control function.
- (3) If a manager outsources a control function, the manager must notify the Authority of such outsourcing no later than 30 days after the function has been outsourced.
- (4) The Authority may, by notice on its website, determine the form, manner and content of a notification referred to in subparagraph (3).

CHAPTER 3

CONFLICTS OF INTEREST

10. Identification of conflicts of interest

- (1) A manager must take all appropriate steps to identify actual or potential conflicts of interest between –
 - (a) the manager, key persons and staff members;
 - (b) a significant owner or related party of the manager; or
 - (c) any person with whom the manager has a business arrangement; andthe interests of investors.
- (2) In identifying conflicts of interest in accordance with subparagraph (1), a manager must establish appropriate criteria for determining the types of conflicts of interest whose existence may adversely affect the interests of investors, a collective investment scheme or a portfolio, or result in unfair outcomes to such investors.
- (3) Criteria for identification of conflicts of interest for purposes of subparagraph (2) must, amongst other things, consider whether an interest may result in any of the following situations:

³ One criteria, for example, that can be considered in this context (e.g. in the context of the nature and operating model of the manager) is whether the manager is part of a group of companies, and the extent to which it would be appropriate to leverage off group structures when establishing a control function or appointing a head of the control function. In determining whether it will be appropriate, the manager will have to be able to evidence that the outsourced control function or head of control function will be effective, appropriately accountable and able to comply with the requirements of the Conduct Standard.

- (a) The manager or any person referred to in subparagraph (1)(a) or (b) is likely to make a financial gain, or avoid a financial loss, at the expense of an investor, a collective investment scheme or a portfolio;
- (b) the manager or any person referred to in subparagraph (1)(a) or (b) has an interest in the outcome of a service or an activity provided to an investor, a collective investment scheme or a portfolio, or another client or of a transaction carried out on behalf of the collective investment scheme or portfolio or another investor, which is distinct from the investor, collective investment scheme or portfolio interest in the outcome;
- (c) the manager or any person referred to in subparagraph (1)(a) or (b) has a financial or other incentive to favour the interest of another investor or group of investors over the interests of the collective investment scheme or portfolio, or investors of the collective investment scheme or portfolio;
- (d) the manager or any person referred to in subparagraph (1)(a) or (b) receives or will receive from a person other than the collective investment scheme or portfolio an inducement in relation to portfolio management activities provided to the collective investment scheme or portfolio, in the form of monies, goods or services, other than the standard commission or fee for that service;
- (e) a specific interest (including a financial or other incentive) has the potential of affecting the objectivity of the manager or any person referred to in subparagraph (1)(a) or (b) when performing due diligence in the selection of the underlying assets of a portfolio; and
- (f) a specific interest (including a financial or other incentive) has the potential of affecting the objectivity of the manager or any person referred to in subparagraph (1)(b) or (c) when performing trading and execution functions, and timely allocation of transactions and transaction costs.

11. Avoidance and management of conflicts of interest

- (1) Subject to subparagraph (2) and in addition to section 4(1) of the Act, a manager must avoid any actual or potential conflicts of interest between a person referred to in paragraph 10(1)(b) and (c) and investors, that could impede, or create the risk of impeding, the delivery of fair outcomes to investors.
- (2) If the avoidance of a conflict of interest referred to in subparagraph (1) is not reasonably possible, a manager must manage and mitigate the conflict of interest by taking all reasonable steps to prevent the conflict of interest adversely affecting the interests of investors or resulting in unfair outcomes to such investors, and must clearly disclose to investors the nature and source of the conflict, including sufficient detail to enable the investor to take an informed decision.

12. Conflicts of interest management policy

- (1) A manager must adopt, maintain and implement a conflicts of interest management policy that –
 - (a) is adopted by the governing body of the manager; and
 - (b) complies with the provisions of the Act and relevant Conduct Standards.

- (2) A conflicts of interest management policy referred to in subparagraph (1) must provide for -
 - (a) the effective identification, avoidance, management and disclosure of conflicts of interest; and
 - (b) processes, procedures and internal controls to facilitate compliance with the policy, and consequences of non-compliance with the policy.
- (3) A manager must ensure that its staff members and, where appropriate, independent contractors are aware of the contents of its conflicts of interest management policy and provide for appropriate training and educational material in this regard.
- (4) A manager must continuously monitor compliance with its conflicts of interest management policy and annually conduct a review of the policy.

CHAPTER 4

PORTFOLIO DEVELOPMENT

13. Portfolio development framework

- (1) A manager must establish, maintain and operate an adequate and effective portfolio development framework that has the appropriate systems and controls in place to design, approve, market, distribute, manage, review and report on portfolios in accordance with this Chapter.
- (2) A portfolio development framework referred to in subparagraph (1) –
 - (a) must take into account conduct risks related to the portfolio and ensure that these risks are mitigated; and
 - (b) must result in portfolios that -
 - (i) are appropriate for the business model of the manager;
 - (ii) to the extent that it is within the control of the manager, are marketed and distributed to investors in the intended target market through appropriate distribution channels;
 - (iii) meet the needs of the investor whom they target; and
 - (iv) support the achievement of fair outcomes for investors.
- (3) The governing body of a manager must approve and oversee the implementation and effectiveness of a manager's portfolio development framework referred to in subparagraph (1).
- (4) A manager's portfolio development framework must provide for, amongst other things, —
 - (a) relevant objectives and key principles for the development of new portfolios and affecting any material change in the design of existing portfolios across the business of the manager;
 - (b) documented procedures for an appropriate portfolio design and development process which must at least -
 - (i) specify an identified target market for each portfolio,
 - (ii) ensure that all relevant risks to such identified target market are assessed;

- (iii) ensure that the intended distribution strategy for the portfolio is consistent with the identified target market;
 - (iv) provide for documented procedures which clearly define the portfolio approval, review and reporting processes within the portfolio development framework.
- (5) A manager must in respect of its business dealings with any person to whom a portfolio development responsibility or activity has been outsourced or delegated, ensure that the written agreements between the parties –
 - (a) clarify their respective roles and responsibilities in relation to portfolio development; and
 - (b) require that the person to whom a portfolio development function has been outsourced or delegated, complies with the requirements of this Chapter.
- (6) A manager must regularly review its portfolio development framework referred to in this paragraph to ensure it remains appropriate, and document any changes thereto.

14. Principles related to portfolio design, development and distribution

- (1) In developing portfolios, a manager must —
 - (a) establish criteria for the identification of types, kinds or categories of investors that a portfolio is targeting;
 - (b) make use of adequate information about the needs and objectives of identified types, kinds, or categories of investors;
 - (c) define its portfolio distribution strategy;
 - (d) undertake a thorough assessment, by persons referred to in in subparagraph 13(3), of the main characteristics of a new portfolio, the distribution methods intended to be used in relation to the portfolio, and the disclosure documents related thereto, to ensure that the portfolio, distribution methods, and disclosure documents —
 - (i) are consistent with the manager's strategic objectives, business model and risk management approach and applicable legislation;
 - (ii) target the types, kinds, or categories of investors for whose needs the portfolio is likely to be appropriate and suitable, while mitigating the risk of the portfolio being used by types, kinds, or categories of investors for whom it is likely to be inappropriate; and
 - (iii) take into account the fair treatment of investors;
 - (e) ensure that the design of the portfolio is based on realistic assumptions, where relevant, and will not result in terms, conditions and portfolio features that are overly complex taking in consideration the types, kinds, or categories of investors that the portfolio is targeted at;
 - (f) in respect of a portfolio that is subject to an arrangement where a third party markets or distributes the portfolio under the manager's brand, undertake due diligence assessments in respect of the governance, resources and operational capability of the persons with whom the manager has such an arrangement, and ensure compliance with this paragraph; and

- (2) The Authority may, for purposes of subparagraph (1)(a), by notice on its website determine criteria that a manager must apply in identifying types, kinds or categories of investors as referred to in that subparagraph.
- (3) Any person involved in the design or development of a portfolio must have the necessary experience, knowledge, and skills to understand –
 - (a) the expected functioning of the portfolio; and
 - (b) the needs, objectives, and characteristics of the kinds or categories of the investors it is intended for.
- (4) A manager must –
 - (a) provide all information, disclosures and reports (other than investment statements) that it is required to provide to the investors to all relevant financial services providers that interact with its investors, to enable such financial services providers to also provide such information, disclosure or report to investors; and
 - (b) develop and apply a methodology to identify instances where financial services providers or representatives that are contracted to the manager to distribute its portfolios frequently switch investors between portfolios or in and out of portfolios (churning), and take appropriate action⁴ against such financial services providers or representatives where churning is identified, to prevent further churning.

15. Portfolio approval, monitoring, review and reporting

- (1) A manager must, in relation to the creation of a new portfolio or where material amendments are made to an existing portfolio, ensure that an appropriate senior manager or committee for the approval of portfolios –
 - (a) in writing approves the new portfolio or material amendments to the existing portfolio; and
 - (b) confirms that the portfolio, distribution methods and disclosure documents meet the requirements set out in paragraph 14(1)(d).
- (2) The approval referred to in subparagraph (1) must occur before a manager –
 - (a) submits a request for approval to the Authority, as may be provided for in law, in relation to the creation of a new portfolio or material amendment of an existing portfolio; and
 - (b) starts to market or distribute the new portfolio or existing portfolio to which material amendments have been made.
- (3) A manager must on an ongoing basis monitor and regularly review and analyse a portfolio (including portfolio performance), related distribution methods and disclosure documents after the launch of a portfolio, taking into account any event that could materially affect the potential risk to targeted investors, in order to assess whether the

⁴ Examples of potential actions a manager can take include terminating the contract with the person, reporting the person to the Authority, etc.

portfolio and its related distribution strategy and disclosure documents remain appropriate and consistent with the needs of targeted investors and continue to perform as intended and deliver fair outcomes for investors.

- (4) A manager must, where any shortcomings are identified through the assessment contemplated in subparagraph (3) or in any other manner, implement appropriate remedial action to address such shortcomings.
- (5) A manager must have measures in place to ensure regular and *ad hoc* reporting to senior management, the governing body, and any relevant committee of the governing body on identified risks, trends in relation to portfolio performance, and actions taken in response thereto.

CHAPTER 5

PROSPECTUS

16. Requirements for Prospectuses

- (1) A manager must have a prospectus for all its approved collective investment schemes and portfolios.
- (2) A prospectus referred to in subparagraph (1) must –
 - (a) be provided to every new investor to a portfolio prior to the conclusion of the investment transaction;
 - (b) be available for inspection by investors at the manager's official address in the Republic or be available on the manager's website; and
 - (c) be amended to ensure that it is at all times reflective of approved changes and complies with the spirit of transparency.
- (3) A prospectus referred to in subparagraph (1) may not –
 - (a) be used as a replacement for the Minimum Disclosure Document and should thus normally contain information of a more static nature for the collective investment scheme itself. However, existing documentation on the portfolios may be used as portfolio information in the prospectus, which will not be the static information; and
 - (b) include any portfolio performance or returns information or data.
- (4) A prospectus referred to in subparagraph (1) must -
 - (a) provide a holistic and transparent view of the collective investment scheme and all its approved portfolios;
 - (b) provide a disclosure of relevant material matters, including matters that may require a ballot from the investors; and
 - (c) include an indication of the reports that the investor is entitled to receive and the frequency of such reports; and
 - (d) provide for any other matters determined by the Authority.

- (5) The Authority may, by notice on its website, determine the manner and form of a prospectus referred to in subparagraph (1), and any additional matters that must be provided for in a prospectus, as contemplated in subparagraph (4)(d).

CHAPTER 6

CUSTODY

17. Trustees and custodians

- (1) A manager must require a trustee or custodian appointed by the manager to –
- (a) perform a proper due diligence before appointing a sub-custodian to satisfy itself⁵ that the sub-custodian is competent to perform its required duties; and
 - (b) provide the manager with the due diligence referred to in item (a) together with a confirmation that the trustee or custodian is satisfied that the sub-custodian is competent to perform its required duties.
- (2) A manager must assess the due diligence referred to in subparagraph (1) to satisfy itself that the sub-custodian is competent to perform its required duties.
- (3) A manager must on an ongoing basis take appropriate steps to satisfy itself that a sub-custodian appointed by the trustee or custodian complies with the requirements of the Act and any relevant Conduct Standards.

CHAPTER 7

NOTIFICATIONS IN RESPECT OF MATERIAL EVENTS

18. Notification to investors where a material event occurs

- (1) If any event reflected in column two of the Table contained in **Annexure A** to this Conduct Standard occurs, or is to occur, a manager must notify affected investors in writing of the event in accordance with the notification period reflected in column three of the Table and adhere to the conditions reflected in column four of the Table.
- (2) Notwithstanding subparagraph (1), a manager must on a case-by-case basis consider whether the occurrence of an event not listed in Annexure A would be material for investors taking into account, amongst other things, transparency and the fair treatment of investors, and, if such an event is deemed material, a manager should inform investors of such event in a timeous manner.

CHAPTER 8

MISCELLANEOUS

19. Trade execution requirements

⁵ Meaning the trustee or custodian.

- (1) A manager must have arrangements in place that enables it to take all reasonable steps to obtain the best possible outcome for investors, its collective investment scheme and portfolios when buying and selling assets for the portfolios of its collective investment scheme.
- (2) A manager must take reasonable steps to ensure that all trades for its portfolios are done on a best execution basis.
- (3) Criteria to be applied by a manager in taking reasonable steps to satisfy itself of best trade execution as referred to in subparagraph (2) must include the following execution factors:
 - (a) Price;
 - (b) costs;
 - (c) speed;
 - (d) likelihood of execution and settlement;
 - (e) size of the order
 - (f) the nature of the order; and/or
 - (g) any other consideration relevant to the execution of a trade or transaction.
- (4) A manager may only use an investment manager or an authorised user that is a company within the same group of companies as the manager to execute trades if that investment manager or authorised user consistently provides competitive and market related pricing, service levels and timely trading to the manager.
- (5) Where a manager has delegated the trade execution function in terms of section 4(5) of the Act to another person, the manager must implement appropriate internal control mechanisms to ensure such person complies with the requirements set out in subparagraphs (1) to (4).

20. Related party transactions

- (1) A manager may not invest the funds of a portfolio in the manager's own securities or those of any of its related companies unless the securities are the constituents of the portfolio's approved investment policy or reference benchmark, and under the oversight of the trustee and/or custodian.
- (2) A manager of a collective investment scheme in property may not purchase real estate owned by the manager or its related companies for a portfolio.

CHAPTER 9

SHORT TITLE AND COMMENCEMENT

22. Short title and commencement

This Conduct Standard is called Requirements for Managers of Collective Investment Schemes, 2025 and comes into effect 12 months after the date of publication.

ANNEXURE A

| TABLE | | | |
|-------|---|--|---|
| Item | Event | Notification period | Conditions |
| (i) | Finalisation of changes to the investment objective and/or investment policy ⁶ through the amendment of a deed in accordance with section 98(2) of the Act. | Notify investors of the outcome of the change / amendment of deed within 10 business days of the change/amendment taking effect. | As part of the notification, investors who did not agree with the proposed change/amendment must be provided with the option of switching or redeeming at no additional cost. |
| (ii) | A change in fees charged by the manager in respect of the portfolio, whether by an increase or a change in method or any factor that is used in the calculation method which could lead to an increase or introduction of an additional charge. | 3 months before the change takes effect. | - |
| (iii) | A change to the distribution or accounting period of the portfolio. | 30 business days before the change takes effect. | - |
| (iv) | A change in the financial year end date of the collective investment scheme. | 30 business days before the change takes effect. | - |
| (v) | A change in shareholder or director of the manager or a change of the manager. | 30 business days before the change takes effect. | As part of the notification, investors must be provided with the option to redeem at no additional cost. |
| (vi) | A change in trustee or custodian. | Within 30 business days after such a change takes effect. | - |

⁶ Including but not limited to the following:

- A change from a standard fund to a fund of funds or feeder fund structure, or vice versa;
- Any change to the investment policy excluding the inclusion of a paragraph that a standard portfolio may include participatory interests of a collective investment scheme in a portfolio;
- Inclusion/removal of listed and unlisted financial instruments in the investment policy;
- Inclusion/removal of foreign limits /investment in the investment policy of the portfolio;
- Amendment to the benchmark when the benchmark forms part of the investment parameters which may be included in the investment objective or policy or defined elsewhere in the deed, such as the definition of an index in the case of an index tracking portfolio;
- Inclusion/removal of securities exposure percentages;
- Amending the investment policy relating to compliance thereof with Regulation 28 for retirement funds; and
- Amending the investment policy of a feeder fund where the underlying portfolio the feeder funds invest in will be amended accordingly.

| | | | | |
|--------|--|--|--|--|
| (vii) | Termination of an investment manager or sub-investment manager agreement and appointment of a new investment manager or sub-investment manager. | | Within 14 business days after the – <ul style="list-style-type: none">• termination of the agreement• investment manager or sub-investment manager was appointed. | - |
| (viii) | Any of the following changes in respect of a third party co-named agreement: | <ul style="list-style-type: none">• Change of a third party portfolio to the manager's own portfolio;• Change of manager's own portfolio to a third party portfolio;• Change of a third party portfolio by means of a Novation Agreement;• Any amendment that results in the investor needing to deal or be serviced by a new entity. | 1 month before the change takes effect. | As part of the notification, investors must be provided the option to redeem at no additional cost. |
| | | Change of name of a third party (name change only where the entity has not changed). | 14 business days after the name change. | |
| (ix) | Change to valuation and cut-off time to purchase or repurchase investments in a portfolio or collective investment scheme. | | 1 month before the change takes effect. | - |
| (x) | Suspension in the trading of any instrument invested in by the portfolio due to an exchange that has suspended operations, a suspension in repatriation of funds or other possible material liquidity constraints related to the instrument. | | As soon as reasonably practicable after the suspension or liquidity constraints occur or, where possible, notification must take place before the suspension takes place. | - |
| (xi) | An exemption from a sectoral law has been granted to the manager (including general exemptions that apply to the manager). | | Within 5 business days after the exemption has been granted. | The notification to investors must contain the reasons for the exemption and the possible effect it may have on investors. |

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| (xii) | The occurrence of a material pricing error. | Within 5 business days of identifying such error. | The notification to investors must contain details of the pricing error, how the error will affect the investors and how the errors are being rectified. |
| (xiii) | A suspension of repurchase under the conditions in the deed occurred. | As soon as reasonably practical, but no later than 1 business day of such suspension occurring. | - |
| (xiv) | Suspension and resumption of dealings as determined by the Authority in the deed or as a result of exceptional circumstances that created liquidity constraints in a portfolio. | As soon as reasonably practical, but no later than 1 business day of such suspension occurring. | The notification to investors must explain the manner in which redemptions may be affected during such suspension. |
| (xv) | The sub-division or consolidation of participatory interests occurred. | Within 10 business days from the sub-division or consolidation occurring. | The notification to investors must include information as determined in the deed. |
| (xvi) | Any material event that will adversely affect the valuation of the collective investment scheme (for example, contingent liabilities). | Within 3 business days from the event occurring. | The notification to investors must include details of the event and how the event will affect the valuation of the collective investment scheme and investors. |