

DISTRIBUTION OF FOREIGN COLLECTIVE INVESTMENT SCHEMES IN SOUTH AFRICA: SECTION 65 REPRESENTATIVE OFFICE

Prescient Management Company (RF) (Pty) Ltd (“Prescient ManCo”) is an independent provider of globally competitive outsourced management company services to traditional and alternative collective investment funds.

Prescient ManCo manages three types of schemes and can assist its clients with regulatory approval to distribute non-South African funds that comply with these types of schemes to South African investors:

- Collective Investment Scheme in Securities
- Qualified Investor Hedge Fund Scheme
- Retail Hedge Fund Scheme

Key Facts

- Approved and regulated by the FSCA
- Ten-year track record of providing ManCo services
- Representative office for a large number of foreign schemes
- Part of the larger Prescient financial services group

BACKGROUND TO SECTION 65 OF CISCA

All foreign (non-South African) collective investment schemes must be approved by the Financial Sector Conduct Authority (FSCA), prior to distribution to South African investors. In order to achieve this, the foreign investment manager must either establish a representative office in South Africa and seek authorisation from the FSCA or enter into a representative agreement with a third-party FSCA approved management company such as Prescient ManCo.

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S65 REPRESENTATIVE OFFICE SERVICES INCLUDE

PRE-SUBMISSION REVIEW

- Obtaining the prospectus of the foreign scheme and related funds and relevant documentation (annual financial statements, operator company information, representative agreement, regulator letter, etc.)

- Document review, including obtaining written confirmation of the Scheme from the home regulator
- Performing Know Your Client (“KYC”) checks and operational due diligence on the foreign scheme and related funds and related stakeholders

SUBMISSION PROCESS TO FSCA

- Assistance with the completion of the FSCA application process for approval of a foreign collective investment scheme including submission of supporting documents
- Assisting with the completion of the relevant FSCA Questionnaires, if applicable
- Providing guidance on completing the FSCA “List of Similarities and Differences” to assess the suitability to South African regulatory environment
- Drafting an application letter to the FSCA
- Liaising with the foreign management company and/or its legal representatives regarding any application information required
- Establishing the representative agreement and attending to signatures and submission to the FSCA
- Liaising with the Representative Office auditors, including confirmation that the Representative Office has paid up share capital and reserves of no less than ZAR 2m annually
- Dealing with any FSCA queries as they arise and working with the foreign manager to resolve any issues
- Attending to further applications to the FSCA, for example: approval of additional sub-funds, including reviewing the sub-fund supplemental documentation, completion of the application forms, etc.

ONGOING COMPLIANCE SUPPORT AND MAINTENANCE

- Review of any amendments to the scheme or fund legal documentation and submission to FSCA for approval, as required
- Review of all marketing documentation (and amendments) and submission to FSCA
- Pre-review of all proposed marketing activities by the foreign collective investment scheme in South Africa
- Ongoing relationship management of the scheme and/or fund(s) over the life of Prescient ManCo's platform services to ensure compliance and monitoring to the applicable platform and regulatory rules.

ABOUT PRESCIENT

Prescient Holdings (Pty) Ltd is a diversified, global financial services group with a 21-year track record of providing solutions to our clients in Asset Management, Investment Administration and Platform Services, Retirement Solutions and Stockbroking. Prescient has successfully operated for 21 years in South Africa, 12 years in Ireland and the UK and 6 years in China.

Prescient Management Company (RF) Pty Ltd is registered and approved under the Collective Investment Schemes Control Act (No.45 of 2002) Registration number 2002/022560/07 and acts as a representative office.

Prescient Fund Services (Pty) Ltd is licensed with the Financial Sector Conduct Authority in South Africa as a Category 1 FSP, providing an Intermediary Service, and is a registered Financial Services Provider (FSP No. 43191). Prescient Fund Services (Ireland) Limited is regulated by the Central Bank of Ireland. Prescient Fund Services (Ireland) Limited is authorised as a fund administrator, and as a management company pursuant to the European Communities (Undertakings for Collective Investment in Transferable Securities) Regulations, 2011 (S.I. 352 of 2011) as amended and as an Alternative Investment Fund Manager under AIFMD Regulations.

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