



RULES OF THE LEATHER INDUSTRY PROVIDENT FUND
(Reg No. 12/8/37846)

PART A – PREAMBLE

1. INTRODUCTION

1.1. Name

The name of the FUND is the Leather Industry Provident Fund. It is a fund for ELIGIBLE EMPLOYEES of the leather Industry to which the AGREEMENT applies. These RULES are applicable to the Leather Industry Provident Fund which was established on 19 March 1946. These RULES are effective from 1 May 2008.

1.2. Registered Office

The registered office of the FUND shall be situated at 3rd floor, Royal Towers, 30 Dorothy Nyembe Street, Durban, 4001 or such other place as the BOARD may determine from time to time.

1.3. Object

The objects of the FUND are –

- 1.3.1 to provide benefits to a MEMBER on his or her retirement;
- 1.3.2 to provide benefits on the DISABLEMENT of a MEMBER; and
- 1.3.3 to provide benefits for the DEPENDANTS and NOMINEES of a MEMBER on the death of the MEMBER.

1.4. Legal Status

The FUND is an independent legal person, capable in law of suing and of being sued in its own name, capable of acquiring, holding and alienating movable and immovable property, and capable of acquiring rights and obligations.

2. DEFINITIONS

- 2.1. The headings in these RULES are there to help readers find what they are looking for. They are not intended to be used to interpret the RULES.
- 2.2. If a word used in these RULES is not defined in the RULES but is defined in the ACT, it must be taken that the word means what the ACT says that it means.
- 2.3. Unless these RULES say otherwise –
 - 2.3.1. if a word appears in the singular, it must be read to include the plural; and likewise, if a word appears in the plural, it must be read to include the singular;
 - 2.3.2. if a pronoun or word refers to a gender it must be read to include the other gender;
 - 2.3.3. a reference to a person includes a juristic person.
- 2.4. Defined words and expressions are indicated by capital letters throughout.

2.5. Unless it is clear from the context that this is not so, the following terms will have the meanings set out next to them –

- 2.5.1. **ACT** means the Pension Funds Act, Act No. 24 of 1956;
- 2.5.2. **ACTUARY** means the actuary of the FUND appointed by the BOARD in terms of the RULES;
- 2.5.3. **ADMINISTRATOR** means the person appointed as such in terms of the RULES;
- 2.5.4. **AUDITOR** means the auditor of the FUND appointed in terms of the RULES;
- 2.5.5. **AGREEMENT** means the current National Bargaining Council of the Leather Industry of South Africa Provident Fund Agreement which has been approved by the Minister of Labour in terms of the Labour Relations Act.
- 2.5.6. **APPROVED FUND** means a pension fund, a provident fund or a retirement annuity fund as defined in the Income Tax Act, 1962, and, if the fund is a preservation provident fund, it will only be an APPROVED FUND if amounts transferred to it are transferred in accordance with the SARS circular RF 1/98 or any circular that replaces it;
- 2.5.7. **BENEFICIARY** means any person entitled to the payment of a benefit in terms of the RULES, including a DEPENDANT;
- 2.5.8. **BOARD** means the FUND'S board of management referred to in RULE 3;
- 2.5.9. **BOARD MEMBER** means a member of the FUND'S management board referred to in RULE 3;
- 2.5.10. **ACCRUAL DATE** shall, for tax purposes, be deemed to be the earlier of:
 - (a) the date on which an election is made in respect of which the benefit becomes due and payable;
 - (b) the date on which any amount is deducted from the benefit in terms of Section 37D (1) (a), (b) or (c) of the ACT;
 - (c) the date on which the benefit is transferred to another PROVIDENT FUND, PROVIDENT PRESERVATION FUND, PENSION FUND, PENSION PRESERVATION FUND or RETIREMENT ANNUITY FUND;
 - (d) the date of the MEMBER'S death;

and the MEMBER shall be assessed for tax in respect of the year of assessment during which such benefit is deemed to accrue.

Provided that the benefits referred to in clauses (a) to (d) above shall, for clarity purposes, be payable as at the DISINVESTMENT DATE.

- 2.5.11. **CALCULATION DATE** means the date on which the ADMINISTRATOR, acting in terms of the agreed practice of the FUND, calculate the MEMBER'S retirement, death or his leaving SERVICE benefits in terms of RULE 7 or in order to transfer the MEMBER'S benefit from the FUND in any of the circumstances contemplated in these RULES.
- 2.5.11A **CATEGORY A MEMBER** shall mean an employee for whom WAGE rates are not prescribed in any AGREEMENT of the COUNCIL and whose MEMBERSHIP is approved in terms of the RULES.

- 2.5.11B **CLAIMS MANAGEMENT POLICY** shall mean the policy adopted by the BOARD, regulating matters relating to the payment of claims which must be read together with the RULES and in the event of any conflict, the provisions of the RULES shall take preference.
- 2.5.12. **CODE OF GOOD CONDUCT** mean: the code of conduct established by the BOARD of the FUND in terms of RULE 15;
- 2.5.13. **COUNCIL** means the National Bargaining Council of the Leather Industry of South Africa;
- 2.5.14. **CONTRIBUTIONS** mean the contributions that are paid to the FUND by MEMBERS and EMPLOYERS in terms of RULE 6;
- 2.5.14A **DEFERRED BENEFIT** shall mean, subject to the conductions of SARS, the benefit retained in the FUND by a DEFERRED RETIREE, and adjusted by FUND RETURNS from tie to time determined by the BOARD.
- 2.5.14B **DEFERRED RETIREE** shall mean a MEMBER who, on or after the effective date RULE amendment number 5 becomes entitled to a retirement benefit in terms of the RULES but elects to retain such benefit in the FUND as a DEFERRED BENEFIT.
- 2.5.15. **DEPENDANT** means in relation to a MEMBER, –
- 2.5.15.1. a person in respect of whom the MEMBER is legally liable for maintenance;
 - 2.5.15.2. a person in respect of whom the MEMBER is not legally liable for maintenance, if such person -
 - 2.5.15.2.1. was, in the opinion of the BOARD, upon the death of the MEMBER in fact dependent on the MEMBER for maintenance;
 - 2.5.15.2.2. is the SPOUSE of the MEMBER;
 - 2.5.15.2.3. is a child of the MEMBER, including a posthumous child, an adopted child and a child born out of wedlock;
 - 2.5.15.3. a person in respect of whom the MEMBER would have become legally liable for maintenance, had the MEMBER not died.
- 2.5.15A **DEPUTY PRINCIPAL OFFICER** shall mean the DEPUTY PRINCIPAL OFFICER of the FUND appointed in terms of the RULES and whose appointment has been confirmed by the REGISTRAR in terms of the ACT.
- 2.5.16. **DISABLEMENT** means in the opinion of the FUND, or, if the FUND has decided to insure this benefit, the INSURER which underwrites the disability benefits payable by the FUND, on a balance of probabilities permanently incapable, as a result of infirmity of body or mind, of performing -
- 2.5.16.1. the duties required of a person in the occupation or post in which the MEMBER was employed by his or her EMPLOYER on the last day at which he or she was present at work; or

- 2.5.16.2. the duties which would be required of a person in a position for which the MEMBER is suitable by reason of his or her education, training, experience and/or ability.
- 2.5.17. **DISABLED** means subject to DISABLEMENT;
- 2.5.18. **ELIGIBLE EMPLOYEE** means an employee who:-
- 2.5.18.1. is below the NORMAL RETIREMENT AGE and entitled or obliged in terms of the provisions of the AGREEMENT to belong to the FUND, or
- 2.5.18.2. is classified as a CATEGORY A MEMBER; or
- 2.5.18.3. has reached the NORMAL RETIREMENT AGE and has, with the consent of the EMPLOYER remained employed: provided that the employee may not remain a member beyond the age of 70 (seventy) years;
- 2.5.18.4. in terms of the AGREEMENT is entitled or obliged to belong to the FUND.
- 2.5.18A **DISINVESTMENT DATE** shall mean the date on which the MEMBER'S benefit is disinvested in accordance with the FUND'S disinvestment strategy, as set out by the BOARD in the FUND'S CLAIMS MANAGEMENT POLICY
- 2.5.19. **EMPLOYER** means the EMPLOYER by which the MEMBER is employed;
- 2.5.20. **EMPLOYER ACCOUNT** means the account referred to in RULE 7.2 relating to the retirement funding for each MEMBER.
- 2.5.21. **FINANCIAL YEAR** means each twelve-month period ending on 31 December of each year;
- 2.5.22. **FORMER MEMBER** means any person who has contributed to the FUND as an ELIGIBLE EMPLOYEE in terms of the AGREEMENT and whose membership has ceased in terms of the RULES of the FUND;
- 2.5.23. **FUND CREDIT** means in relation to a MEMBER at any particular date the amount standing to the credit of his or her MEMBER ACCOUNT and EMPLOYER ACCOUNT as at that date increased or decreased by the investment return until the CALCULATION DATE;
- 2.5.24. **FUND** means this FUND, the Leather Industry Provident Fund;
- 2.5.25. **FUND WEEK** means: a week calculated from midnight between Friday and Saturday to midnight of the next succeeding Friday and Saturday;
- 2.5.26. **HOUSING PURPOSES** means: *For the purposes of –*
buying land on which a residence has been or will be built and which is or will be occupied by the MEMBER or a DEPENDANT of the MEMBER;
building a residence on land
- (a) *owned by the MEMBER and/or the person to whom he or she is MARRIED; or*
(b) *which the MEMBER and/or the person to whom he or she is MARRIED has the right to own as a result of his or her occupation of the land,*

for the MEMBER or his or her DEPENDANT to live in; or

- (c) *improving or changing or maintaining or repairing the residence which belongs to the MEMBER or the person to whom he or she is MARRIED or his or her DEPENDANT or which he or she has the right to own as a result of his or her occupation of the residence and which is occupied by the MEMBER or his or her DEPENDANT,*

if the right to occupy the land or residence arises by operation of any custom or law other than a temporary lease or arrangement.

INDEPENDENT TRUSTEE means an independent person who is not employed by the COUNCIL; the FUND; or the ADMINISTRATOR and who complies with the requirements of an independent trustee as may be determined by the REGISTRAR from time to time.

- 2.5.27. **INDUSTRY** means the Leather Industry as defined in the AGREEMENT;
- 2.5.28. **INSURER** means an insurer registered as a long-term insurer in terms of the Long-term Insurance Act, 1998;
- 2.5.29. **MEMBER** means any employee, excluding a Deferred Retiree, who is obliged to contribute to the FUND in terms of the AGREEMENT or who, has been admitted to membership of the FUND as the case may be and who has not ceased to be a MEMBER in terms of the RULES.
- 2.5.30. **MEMBER ACCOUNT** means the account referred to in RULE 7.2 relating to the retirement funding for each MEMBER.
- 2.5.31. **NOMINEE** means a person, other than a DEPENDANT, nominated in writing by a MEMBER as may be entitled to the whole or part of the death benefit as provided by the FUND in terms of RULE 8.1.
- 2.5.32. **NORMAL RETIREMENT AGE** means the age of sixty (60) years;
- 2.5.33. **NORMAL RETIREMENT DATE** means the last day of the month in which the MEMBER turns 60;
- 2.5.33A **POPI** shall mean the Protection of Personal Information Act of 2013, as amended from time-to-time.
- 2.5.34. **PRINCIPAL OFFICER** means the principal officer appointed to the FUND in terms of RULE 4.2.
- 2.5.35. RATE OF INTEREST** means a rate of interest as determined by the BOARD from time to time;
- 2.5.36. **REGISTRAR** means the Registrar of Pension Funds appointed in terms of the Financial Services Board Act, Act No. 97 of 1990;
- 2.5.37. **RULES** means these RULES;
- 2.5.38. **SERVICE** means the employment in an occupation which requires or would have required an ELIGIBLE EMPLOYEE to contribute to the FUND in terms of the AGREEMENT;
- 2.5.39. **SARS** means the South African Revenue Service;

- 2.5.40. **SPOUSE** means a person who is the permanent life partner or spouse or civil union partner of a MEMBER in accordance with the Marriage Act, 1961 (Act No. 68 of 1961), the Recognition of Customary Marriages Act, 1998 (Act No. 120 of 1998), or the Civil Union Act, 2006 (Act No. 17 of 2006), or the tenets of a religion.
- 2.5.41. **WAGE** means the wage prescribed for an ELIGIBLE EMPLOYEE in Column A of the wage provisions of the Footwear and General Goods and Handbags agreement and, in the case of the tanning industry, the wage rate prescribed in the agreement for that industry: Provided that if an EMPLOYER regularly pays the ELIGIBLE EMPLOYEE an amount higher than this prescribed rate (excluding incentives, overtime and bonus payments), it shall mean such higher amount. Further alternatively if the MEMBER'S conditions of service are not determined in terms of the AGREEMENT, such sum which the EMPLOYER advises the FUND is to be treated as the WAGE of a MEMBER.
- 2.5.42A **UNCLAIMED BENEFIT FUND** shall mean a fund established for the receipt and custody of unclaimed benefits.

3. FUND GOVERNANCE

3.1. FUND must be managed in terms of its RULES

The FUND must be managed in terms of its RULES. The RULES are binding on the FUND, its MEMBERS and their DEPENDANTS, all office-bearers of the FUND including the PRINCIPAL OFFICER, the BOARD MEMBERS, the AUDITOR, VALUATOR and each EMPLOYER.

3.2. Composition of the BOARD

- 3.2.1. The control and management of the FUND vest in the BOARD, consisting of nine (9) BOARD MEMBERS of whom four (4) shall be appointed by the **employer organizations in the COUNCIL (referred to herein as 'employer trustees')** and four (4) shall be **appointed by the trade unions in the COUNCIL (referred to herein as 'member trustees')** and at least one (1) shall be an INDEPENDENT TRUSTEE who is appointed by the TRUSTEES
- 3.2.2. The **appointment** of the four (4) Employer Trustees shall be made by the respective employer organization in the COUNCIL, in the manner set out in the constitution of the respective employer organizations. Each of the three employer organizations in the COUNCIL shall be entitled to a minimum of one appointment and the employer organization which represents the highest number of members will be allocated with the additional one appointment. The appointment of the four (4) Member Trustees shall be made by the respective trade unions in the COUNCIL in the manner set out in the constitution of the respective trade union in the COUNCIL. Each of the two trade unions in the Council shall be entitled with a minimum of one appointment and the remaining two appointments shall be allocated according to the unions' representativeness in the COUNCIL.

3.2.3. A chairman and vice chairperson shall be elected by the BOARD. The BOARD MEMBERS must choose a chairman and vice chairperson of the BOARD from amongst themselves. If the chairman is absent from a meeting of the BOARD, the vice chairperson will be the acting chairperson for that meeting. If both the chairperson and vice chairperson are absent from the meeting the BOARD shall elect an acting chairperson from the ranks of the BOARD MEMBERS present at the meeting. Subject to this RULE the appointment of the chairperson will expire within two years from the date of registration of these RULES and thereafter biennially: Provided that the chairmanship will alternate biennially between MEMBER and EMPLOYER representatives appointed to the BOARD.

3.2.4. The person chairing the meeting is responsible for ensuring that it is conducted in an orderly fashion. He or she may exclude from the meeting any BOARD MEMBER or other person who deliberately ignores instructions from the chairperson regarding the way that the meeting is to proceed or who makes it difficult for the BOARD to function in an orderly fashion.

3.3. Persons disqualified from being BOARD MEMBERS

3.3.1. The following people are automatically disqualified from being appointed or elected or from remaining as BOARD MEMBER –

3.3.1.1. a person under 18 (eighteen) years of age;

3.3.1.2. a person who has become physically or mentally incapable of performing the functions of a BOARD MEMBER;

3.3.1.3. a person whose estate has been sequestrated and who has not been rehabilitated by a court;

3.3.1.4. a person who has been convicted by a court of theft, fraud, forgery or any other offence involving dishonesty;

3.3.1.5. a person whom the BOARD, after hearing representations on the matter, has decided is not an appropriate BOARD MEMBER.

3.4. Termination of office

3.4.1. A BOARD MEMBER may resign from office at any time on giving one month's

3.4.2. BOARD MEMBER shall cease to hold office if:

3.4.2.1. in the case of an employer trustee;

3.4.2.1.1. is removed by an EMPLOYER party to the AGREEMENT,

3.4.2.1.2. his or her tenure expires;

3.4.2.1.3. he or she no longer meets the eligibility requirements determined by the BOARD as contained in the CODE OF GOOD CONDUCT, or

3.4.2.1.4. he or she becomes disqualified in terms of RULE 3.3.

3.4.2.2. in respect of a member trustee;

3.4.2.2.1. he or she ceases to be an ELIGIBLE EMPLOYEE of the EMPLOYER,

- 3.4.2.2.2. he or she is removed by the court on account of misconduct from any office of trust,
- 3.4.2.2.3. he or she no longer meets the eligibility requirements determined by the BOARD as contained in the CODE OF GOOD CONDUCT, or
- 3.4.2.2.4. he or she becomes disqualified in terms of RULE 3.3.

3.5. Term of office of a BOARD MEMBER

- 3.5.1. A BOARD MEMBER remains in office for a period of 4 (Four) years or until –
 - 3.5.1.1. he or she resigns by giving the chairperson of the BOARD a resignation letter, or, if it is the chairperson who is resigning, by giving the PRINCIPAL OFFICER a resignation letter;
 - 3.5.1.2. he or she fails to attend 2 (two) consecutive meetings of the BOARD without the prior approval of the chairperson of the BOARD or without good cause;
 - 3.5.1.3. his or her term of office is terminated in terms of RULE 3.4;Provided that a BOARD MEMBER is eligible for re-election or re-appointment after the expiry of his or her tenure.
- 3.5.2. If a member of the BOARD ceases to be a BOARD member before his or her term of office has expired, the BOARD must appoint a new BOARD MEMBER, in the manner provided for in RULE 3.2.2, to fill his or her vacancy on the BOARD. This BOARD MEMBER will act as a member of the BOARD in his or her place until the expiry of the term of office of the BOARD MEMBER having been replaced.
- 3.5.3. A vacancy on the BOARD when a decision is taken by it will not make that decision invalid.

3.6. Meetings of and decision-making by the BOARD

- 3.6.1. The BOARD MEMBERS must meet as often as needed for the proper conduct of the business of the FUND but not less than 3 (three) times per FINANCIAL YEAR. For a meeting to be properly constituted at least 4 (four) of the BOARD MEMBERS must be present: provided that 2 (two) must be MEMBER elected and (one) of the remaining 2 (two) must be an INDEPENDENT TRUSTEE.
- 3.6.2. For any decision of the BOARD to be valid –
 - 3.6.2.1. 50% (fifty per cent) plus 1 (one) of the BOARD MEMBERS present must have voted in favour of the decision if it was taken at a meeting referred to in RULES 3.6.1 and 3.6.7: Provided that when the BOARD MEMBERS need to vote the MEMBER and EMPLOYER appointed BOARD MEMBERS will have an equal number of votes even if there is an unequal number of BOARD MEMBERS attending the meeting.
 - 3.6.2.2. if the decision was not taken in a meeting but is a decision in writing of the BOARD, as referred to in RULE 3.6.10, at least 75% (seventy-five per cent) of the BOARD MEMBERS must have

exercised their votes, each by indicating that he or she votes in favour or against or abstains from voting for or against the resolution and a majority of the BOARD MEMBERS must have voted in favour of the decision.

- 3.6.3. if the BOARD MEMBERS reach deadlock on any issue –
- 3.6.3.1. the issue may either be deferred to the next BOARD meeting or be reconsidered by the BOARD at a meeting within 10 (ten) BUSINESS DAYS of the date on which deadlock was reached and a majority of BOARD MEMBERS present at the meeting must have voted in favour of the decision;
 - 3.6.3.2. and if it is not resolved either at the next BOARD meeting or at the specially constituted meeting referred to in 3.6.3.1, then an expert nominated by the BOARD or, failing such nomination that person nominated by –
 - 3.6.3.2.1. the chairperson of the Natal Bar Council in the case of a dispute of law; or
 - 3.6.3.2.2. the president of the Actuarial Society of South Africa, in the case of a dispute relating to actuarial matter; or
 - 3.6.3.2.3. the president of the South African Institute of Chartered Accountants, in the case of a dispute relating to an accounting matter,
- must at the cost of the FUND submit a written recommendation on the matter to the BOARD. This recommendation must be considered at the next BOARD meeting.
- If the dispute is not resolved at this meeting of the BOARD, it will be obliged to accept the recommendation of the expert.
- 3.6.4. If, for whatever reason, the BOARD is unable to resolve a matter in a meeting, it may elect to have the matter resolved by way of a round-robin meeting. In this event Rule 3.6.2 shall comply subject to the necessary changes. A resolution signed off pursuant to a round-robin meeting shall be of the same force and effect as a resolution passed at a meeting of the BOARD and must be recorded as such.
- 3.6.5. The PRINCIPAL OFFICER of the FUND must give the BOARD MEMBERS at least 10 (ten) BUSINESS DAYS written notice of each BOARD meeting. The notice must specify the time, date and place of the meeting and the nature of the issues to be discussed at the meeting. Unless a majority of the BOARD MEMBERS agree that other matters may be discussed at the meeting, only those issues indicated in the notice may be discussed. The majority of the BOARD MEMBERS may waive the requirement of the period of the notice and that it must be in writing.

- 3.6.6. The chairperson of the BOARD may convene a special meeting of the BOARD if he or she thinks it necessary.
- 3.6.7. A special meeting must be held within 5 (five) BUSINESS DAYS of it being requested in writing by at least 4 (four) BOARD MEMBERS who have given the PRINCIPAL OFFICER –
 - 3.6.7.1. written notice of the issues to be discussed at the special meeting; and
 - 3.6.7.2. written reasons why the BOARD should not wait to discuss these issues at its next ordinary meeting,Provided that the notice period and the requirements in RULE 3.6.7 may be waived by the majority of the BOARD MEMBERS.
- 3.6.8. The PRINCIPAL OFFICER must ensure that minutes of each meeting are taken by an appropriate person. Those minutes must be distributed in draft form to BOARD MEMBERS as soon as possible after the meeting of the BOARD.
- 3.6.9. A BOARD MEMBER who has any direct or indirect personal financial interest (other than his or her interest as a MEMBER of the FUND) in a decision to be taken by the BOARD must disclose that interest before the decision is taken. The other BOARD MEMBERS must then determine whether that financial interest is such that the BOARD MEMBER must not exercise a vote in the decision to be made.
- 3.6.10. A decision in writing of the BOARD not signed at a meeting of the BOARD must be noted at the next ordinary meeting of the BOARD and included in the FUND'S minute book.
- 3.6.11. A BOARD MEMBER may give a proxy, provided it is in writing, to any other BOARD MEMBER in respect of any matter or meeting. A BOARD MEMBER must inform all the remaining BOARD MEMBERS of such proxy prior to the meeting at which the proxy is to be exercised. The BOARD MEMBER providing the proxy must declare any conflict of interest he or she may have with regard to the decision/s for which the proxy is given.

3.7. Powers of the BOARD

- 3.7.1. The BOARD is responsible for directing, controlling and overseeing the operation of the FUND in accordance with all laws which are applicable to the FUND and in accordance with these RULES.
- 3.7.2. When it directs, controls and oversees the operation of the FUND, the BOARD and each of the BOARD MEMBERS must –
 - 3.7.2.1. act with due care and diligence and in the best interests of the FUND;
 - 3.7.2.2. take all reasonable steps to protect the interests of the MEMBERS;
 - 3.7.2.3. act in good faith towards the MEMBERS and EMPLOYERS;
 - 3.7.2.4. avoid conflicts of interest; and

- 3.7.2.5. act with impartiality in respect of all MEMBERS and beneficiaries.
- 3.7.2.6. conduct themselves in accordance with the provisions of POPI. Accordingly they must ensure that third parties who have access to MEMBER'S personal information, provides the BOARD with confirmation that they are POPI compliant. The BOARD must furthermore ensure that the processing of MEMBER'S information is for purposes of their mandate only. Sharing of MEMBER'S information by 3rd Parties amongst themselves shall be subject to BOARD approval.
- 3.7.3. The BOARD must –
 - 3.7.3.1. ensure that proper registers and records of the operations of the FUND are kept. These records include proper minutes of all meetings and of all resolutions passed by the BOARD;
 - 3.7.3.2. ensure that true and full accounts of the FUND are kept in accordance with generally accepted accounting practice and any guidelines issued by the AUDITOR from time to time. Those accounts must be made up to the end of the FINANCIAL YEAR and must fairly present the FUND'S financial state of affairs and position and must be audited by the AUDITOR.
 - 3.7.3.3. ensure that proper controls are used to protect the assets of the FUND, taking into account the advice of the AUDITOR;
 - 3.7.3.4. ensure that adequate and appropriate information is given to the MEMBERS informing them of their rights, benefits and obligations in terms of the RULES of the FUND;
 - 3.7.3.5. take all reasonable steps to make sure that CONTRIBUTIONS are paid to the FUND on time and that the CONTRIBUTIONS are deposited in the FUND'S bank account on the first BUSINESS DAY after they are received;
 - 3.7.3.6. obtain expert advice on matters on which the BOARD MEMBERS are not experts;
 - 3.7.3.7. ensure that the FUND operates and is administered in terms of the RULES of the FUND, the ACT and other applicable laws and that the RULES are in compliance with these laws;
 - 3.7.3.8. ensure that every title deed and other document which proves that the FUND is the owner of a particular property is kept in a safe or strongroom at an office of the FUND or in a bank; and
 - 3.7.3.9. make sure that only people who have the authority in terms of a resolution passed by the BOARD to sign on behalf of the FUND sign cheques, contracts or other documents on its behalf;

- 3.7.3.10. enter into contracts in the name of the FUND and sign such contracts and other documents on behalf of the FUND, and institute any legal action and begin, conduct, settle or abandon any legal process for the FUND and defend or settle any legal process against the FUND;
- 3.7.3.11. in their discretion, reinsure any benefits provided by the FUND to its MEMBERS with an INSURER, enter into agreements with an INSURER in respect of insurance and act on behalf of the FUND and the MEMBERS in all negotiations with the INSURER;
- 3.7.3.12. generally take such steps as are in their opinion conducive to the attainment of the objects of the FUND.

3.8. Powers and duties of the BOARD in relation to the FUND'S investments

- 3.8.1. The BOARD must –
 - 3.8.1.1. open a bank account in the name of the FUND into which all CONTRIBUTIONS must be paid;
 - 3.8.1.2. develop an investment policy and strategy for the FUND, taking into account the long-term interests of the FUND and its MEMBERS. The policy and strategy must include guidelines on –
 - 3.8.1.2.1. the investment objectives of the FUND;
 - 3.8.1.2.2. the nature of investments which are appropriate to those objectives with reference, if appropriate, to different categories of MEMBERS;
 - 3.8.1.2.3. the types of investments which the FUND is prepared to make and those that it is not prepared to make;
 - 3.8.1.2.4. regular reviews of the performance of the investments; and
 - 3.8.1.2.5. the extent, if any, to which MEMBER will be permitted to decide how assets attributable to them will be invested.
 - 3.8.1.3. ensure that the FUND'S investments are made in accordance with the policy and strategy and in accordance with sound financial principles;
 - 3.8.1.4. establish effective measures for the control of the investments and to manage the risks associated with the investments of the fund; and
 - 3.8.1.5. ensure that the FUND'S investments are made in accordance with the provisions of the ACT.
- 3.9. The BOARD has the power to –
 - 3.9.1. invest in and dispose of fixed property only if any amount lent to a person on the basis of security in the form of a mortgage over fixed property, together with any other amount that has been lent on the basis of security in the form of a mortgage

over that same property does not exceed 80 per cent of the value of the property on the date on which the monies are lent.

- 3.9.2. invest, lend, put out at interest, place on deposit, make advances of or otherwise deal with the monies of the FUND upon such security and in such manner as it may decide from time to time;
- 3.9.3. sell, change, reinvest or otherwise deal with shares and other investments;
- 3.9.4. obtain an overdraft from a bank or borrow from any other party such amount as it decides and on such terms as it thinks fit in order to complete any investment or meet any temporary unforeseen cash shortage. For this purpose it can give such security as it decides as long as together all amounts borrowed by the FUND do not exceed half of the FUND'S total income before deductions from all sources during the previous FINANCIAL YEAR unless authorised by the REGISTRAR.

3.10. Delegation of powers and duties by the BOARD to another person or body

The BOARD may delegate any of its powers and duties, subject to such terms and conditions as it may impose, to another person or body including, but not limited to, a committee of the BOARD, the ADMINISTRATOR and an employee of the FUND.

3.11. Remuneration of BOARD MEMBERS

- 3.11.1. BOARD MEMBERS will receive, from the FUND, the refund of all expenses reasonably incurred by them on behalf of the FUND in accordance with policies and limitations set by the BOARD from time to time.
- 3.11.2. BOARD MEMBERS will receive from the FUND such remuneration and allowances as the BOARD may from time to time determine.
- 3.11.3. Payments to members of the BOARD in terms of this rule will be regarded as expenses of the FUND.

3.12. Signing power

- 3.12.1. Any documents to be deposited with a regulator in terms of any applicable law must be signed as required in terms of that law.
- 3.12.2. The BOARD may grant any 1 (one) or more of its BOARD MEMBERS, or may delegate to any other person, the power to sign any document or contract or the power to operate any bank account in the name of the FUND.

4. APPOINTMENTS

4.1. Appointment of AUDITOR

- 4.1.1. The BOARD must appoint an AUDITOR who :
 - 4.1.1.1. is registered as an auditor in terms of the Public Accountants and Auditors Act;
 - 4.1.1.2. is engaged in public practice; and
 - 4.1.1.3. is approved of by the REGISTRAR.
- 4.1.2. The BOARD may withdraw the appointment of the AUDITOR at any time and appoint a new AUDITOR.
- 4.1.3. The AUDITOR has –

- 4.1.3.1. the right to at all reasonable times see and make copies of the accounting records and all books, vouchers, documents and other property of the FUND;
 - 4.1.3.2. the right to get from the BOARD all such information and explanations that he or she thinks are necessary;
 - 4.1.3.3. the right to investigate whether there are adequate measures and procedures to ensure that the FUND operates in a sound, cost-effective and cost-efficient way for the benefit of MEMBERS and their DEPENDANTS; and
 - 4.1.3.4. the right to investigate any aspect of the management of the FUND which has a bearing on the control and use and expenditure of its assets.
- 4.1.4. Within six months after the end of each FINANCIAL YEAR, the AUDITOR must prepare and submit to the BOARD statements of the FUND'S financial affairs in accordance with the provisions of the ACT. The report must state whether, in the opinion of the AUDITOR–
- 4.1.4.1. the statements in all material respects fairly present the financial position of the FUND in accordance with generally accepted accounting practice;
 - 4.1.4.2. the transactions during the FINANCIAL YEAR in question of which the AUDITOR is aware took place in accordance with
 - 4.1.4.2.1. the RULES;
 - 4.1.4.2.2. all applicable laws; and
 - 4.1.4.2.3. guidelines previously recommended by the FUND'S AUDITOR for the proper management of the FUND'S assets.

4.2. Appointment of PRINCIPAL OFFICER

- 4.2.1. The BOARD MEMBERS will appoint a PRINCIPAL OFFICER and DEPUTY PRINCIPAL OFFICER, subject to the provision of the ACT, for such periods as they determine, and may at any time withdraw such appointment and make another appointment in its place.
- 4.2.2. If the PRINCIPAL OFFICER shall perform all the functions required to fulfil his duties in terms of the ACT, these RULES and the directions of the BOARD.
- 4.2.3. If the PRINCIPAL OFFICER is absent from the Republic of South Africa, or is otherwise unable to perform his duties, the DEPUTY PRINCIPAL OFFICER will as as the PRINCIPAL OFFICER until the FUND formally in the manner in its RULES appoints a new PRINCIPAL OFFICER.
- 4.2.4. The PRINCIPAL OFFICER shall not be entitled to any remuneration for his services.
- 4.2.5. In particular, the PRINCIPAL OFFICER must –
 - 4.2.5.1. sign all amendments to the RULES and submit them to the REGISTRAR for his or her approval and registration;

- 4.2.5.2. within six months after the end of each FINANCIAL YEAR, send to all MEMBERS a written summary of all amendments made to the RULES which were registered within that FINANCIAL YEAR;
- 4.2.5.3. submit the FUND'S annual financial statements and other documents referred to in the ACT to the REGISTRAR as required by the ACT;
- 4.2.5.4. sign all FUND documentation that must be submitted to the REGISTRAR; and
- 4.2.5.5. perform all other functions which statutes require him to perform.

4.3. Appointment of ACTUARY

- 4.3.1. The BOARD MEMBERS must appoint an ACTUARY who must be a fellow of an institute, faculty, society or chapter of actuaries approved by the Minister of Finance. The BOARD may withdraw that appointment and appoint a new ACTUARY in terms of the RULES, provided that the appointment of the ACTUARY is subject to the REGISTRAR'S approval.
- 4.3.2. The ACTUARY must perform the functions and fulfil the duties expected of a valuator in terms of the ACT unless these functions and duties are not applicable to this FUND. The BOARD must let the ACTUARY have all the information that he or she requires in order to fulfil his or her functions and duties. The ACTUARY must be allowed to see and make copies of all the written documents that the FUND has and that are needed for this purpose.
- 4.3.3. Unless the REGISTRAR has certified that the FUND is not required to do this, the FUND must have its financial position investigated, valued and reported on by the ACTUARY as often as is required in terms of the ACT. The ACTUARY must submit his or her report to the BOARD and the BOARD must submit a copy of it to the REGISTRAR and to the COUNCIL.

4.4. Appointment of an ADMINISTRATOR

- 4.4.1. The BOARD shall decide, in its discretion, whether the FUND should be self administered by the BOARD or whether the FUND'S administration should be outsourced to one or more entities appointed by the BOARD; provided that the BOARD may only appoint an entity that has been approved by the REGISTRAR as an ADMINISTRATOR in terms of the ACT
- 4.4.2. Where the FUND'S administration has been outsourced to an ADMINISTRATOR, the Board may resolve at any time to return to self administration to the FUND by the BOARD or to withdraw the appointment of such ADMINISTRATOR and appoint a new ADMINISTRATOR..

5. PARTICIPATION AND MEMBERSHIP

5.1. Eligibility and Admission

The conditions for membership of the FUND will be those as contained in the AGREEMENT together with those set out in this RULE 5.

5.2. Interruption and re-admittance of membership

- 5.2.1. If a MEMBER leaves the SERVICE of an EMPLOYER operating within the industry and again accepts employment with an EMPLOYER operating within the industry before any benefit is paid to him by the FUND, no benefit will be paid to the MEMBER by virtue of such withdrawal from SERVICE and he or she shall immediately become a MEMBER again and his or her SERVICE as a MEMBER of the FUND before and after the interruption shall be regarded as uninterrupted SERVICE; provided that he or she shall pay back to the FUND the amount of the contributions payable by him pursuant to his or her termination of membership.
- 5.2.2. Any MEMBER who re-enters the INDUSTRY after having left and received a benefit in terms of these RULES shall be regarded as a new MEMBER as from the date of readmission. However, where such MEMBER pays back the full amount which he or she received on leaving the INDUSTRY, in cash, to the FUND, the BOARD, in its absolute discretion, has the power to reinstate him with full credit for his or her previous period of membership;
- 5.2.3. An ELIGIBLE EMPLOYEE shall not be readmitted if he or she has attained the age of fifty-five years but the BOARD may extend this maximum entry age by up to five years:
 - 5.2.3.1. if in their opinion hardship would be caused if this were not done;
 - 5.2.3.2. the ELIGIBLE EMPLOYEE was a FORMER MEMBER and has not yet been paid his or her benefit; or
 - 5.2.3.3. the ELIGIBLE EMPLOYEE has repaid his or her FUND CREDIT.
- 5.2.4. EMPLOYEES paid non-prescribed wage rates due to transfer or promotion:
 - 5.2.4.1. Where an EMPLOYEE, who earned prescribed wages and was a MEMBER of the FUND, is transferred or promoted to an occupation for which Wages are not prescribed, his MEMBERSHIP with the FUND will be terminated and he will be entitled to the benefits payable in terms of these RULES, unless the EMPLOYEE elects to continue as a MEMBER of the FUND, and his EMPLOYER agrees to this.
 - 5.2.4.2. Upon termination of MEMBERSHIP in terms of RULE 5.2.4.1 the MEMBER will become entitled to the benefits payable in terms of these RULES: provided that the MEMBER becomes a MEMBER of another APPROVED FUND and his benefit is transferred to that fund.
 - 5.2.4.3. In such event, the FUND must be notified of this event in writing within one month of the transfer or promotion in question.
 - 5.2.4.4. Where an EMPLOYEE has elected to continue as a MEMBER of the FUND after his transfer or promotion as set out above, he may

thereafter apply in writing to the BOARD to terminate his MEMBERSHIP with the FUND.

5.2.4.5. The BAORD may accept the application for termination in which event the MEMBER will become entitled to the benefits payable in terms of these RULES, provided that the MEMBER become a MEMBER of another APPROVED FUND and his benefit is transferred to that fund.

5.3. A MEMBER consents to access to and use of his relevant personal information by the FUND for purposes of determining his membership category and applicable benefits. This consent contemplates knowledge of the information being accessed directly or indirectly, by 3rd Parties or through the FUND. Provided that all parties so involved are POPI compliant and specifically mandated by the BOARD to access the information as the case may be.,

5.4. Termination of membership

Membership of the FUND will terminate upon a MEMBER ceasing to be an ELIGIBLE EMPLOYEE and as provided for in the AGREEMENT.

6. CONTRIBUTIONS

6.1. MEMBER'S CONTRIBUTIONS

6.1.1 A MEMBER shall contribute to the FUND an amount equal to 5% of his WAGE.

6.1.2 CONTRIBUTIONS deducted from the MEMBER'S WAGE on the day of it being paid by the Employer .

6.1.3 CONTRIBUTIONS made in terms of this sub-rule must be allocated to the MEMBER'S ACCOUNT.

6.1.4 A MEMBER may voluntary make regular additional contributions to the FUND on terms and conditions agreed by the BOARD.

6.1.5 A DEFERRED RETIREE shall not be required to contribute to the FUND but shall be liable for a proportional share of FUND expenses, in terms of Section 14B of the ACT read with the necessary changes.

6.2. EMPLOYER'S CONTRIBUTION

6.2.1 An EMPLOYER shall contribute to the FUND in respect of each employed MEMBER an amount equal to 6% of such MEMBER'S WAGE.

6.2.2 An EMPLOYER shall not be required to contribute in respect of a DEFERRED RETIREE. FUND expenses will be deducted in accordance with RULE 10.8.

6.3. Payment of CONTRIBUTIONS

6.3.1. All CONTRIBUTIONS in terms of RULE 6.1 and RULE 6.2 must be paid by the EMPLOYER into the FUND'S banking account established in terms of RULE 3.8.1.1 not later than seven days after the end of the month for which the CONTRIBUTIONS must be paid.

- 6.3.2. Together with the payment the EMPLOYER must provide the COUNCIL and the BOARD with such information relating to the CONTRIBUTIONS paid in terms of RULES 6.1 and 6.2 as the ADMINISTRATOR may require for the proper administration of the FUND including, but not limited to the full names, date of birth, identification number of each MEMBER employed by it and the FUND number of the individual MEMBER. Such information must be provided to the COUNCIL and the BOARD by delivery and in writing and no later than 7(seven) days after the end of the calendar month to which the contributions relate. Every EMPLOYER shall retain a copy of this statement and keep it available for inspection by the BOARD and/or the COUNCIL for a period of not less than five years.
- 6.3.3. An EMPLOYER which fails timeously to pay CONTRIBUTIONS to the FUND as required in terms of these RULES may be required by the BOARD by written notice to make payment of the CONTRIBUTIONS each week within seven days of the date on which its ELIGIBLE EMPLOYEE'S contributions to the FUND are required to be deducted from their WAGES in which event the EMPLOYER must comply with that notice unless and until it is withdrawn by the BOARD. The latest contribution statement will be used by the FUND to determine contributions payable should the EMPLOYER fail to submit its contribution statement within the prescribed time.
- 6.3.4. The FUND shall immediately notify the REGISTRAR should payment not be made within the period prescribed in terms of section 13A of the ACT.
- 6.3.5. If an EMPLOYER pays the CONTRIBUTIONS late, it must pay interest on the unpaid CONTRIBUTIONS at the rate and in the manner as required in terms of the ACT.
- 6.3.6. Where a MEMBER receives WAGES for one day or more during any FUND WEEK, contributions must be paid by both the EMPLOYER and MEMBER as though the MEMBER earned a full week's WAGES;
- 6.3.7. Where a MEMBER is employed by more than one EMPLOYER during a FUND WEEK, the EMPLOYER by whom he or she was last employed during the FUND WEEK shall pay both its own CONTRIBUTIONS and those due by the MEMBER in respect of the whole FUND WEEK and may deduct the CONTRIBUTIONS due by such MEMBER from his or her WAGES and no further CONTRIBUTION shall be payable in respect of such MEMBER in respect of that FUND WEEK;
- 6.3.8. Where a MEMBER leaves his or her employment his or her EMPLOYER shall deduct the CONTRIBUTIONS due by such MEMBER from his or her WAGES and pay both the EMPLOYER'S CONTRIBUTIONS and those due by the MEMBER in respect of that FUND WEEK;
- 6.3.9. If an EMPLOYER fails to make the deductions from the WAGES of MEMBERS or fails to account to the FUND for amounts deducted from the WAGES of MEMBERS, as required in terms of the RULES of the FUND, the EMPLOYER shall be liable to pay such MEMBERS' contributions to the FUND.

- 6.3.10. The EMPLOYER shall timeously notify the FUND of the name of the person/s liable for ensuring compliance with Sections 13A(1), (8) and (9) of the ACT, failing which Section 13A(9)(b) of the ACT shall apply.

6.4. Amounts transferred to and from other funds

- 6.4.1. *The FUND is empowered to receive transfers of monies and business from other APPROVED FUNDS, or to effect transfers of monies and business to other APPROVED FUNDS, subject to the relevant provisions of the Income Tax Act and the ACT and on such terms and conditions as the BOARD may decide: Provided that any such transfer to or from an approved preservation fund shall be conducted in compliance with the requirements of SARS Practice Note RF1/98 or any subsequent practice notes and any relevant legislation.*
- 6.4.2. *Any amount to be transferred by the FUND to another APPROVED FUND or and approved preservation fund on the MEMBER'S request in terms of these RULES shall be transferred to such other fund within 60 (sixty) days of receipt by the FUND of the MEMBER'S written instruction. Interest, at a rate prescribed by the Minister of Finance from time to time, compounded daily, shall be paid to such other fund on any benefit transferred after the aforementioned 60 (sixty) day period and shall be calculated from the expiry of the 60 (sixty) day period until date of payment to such other fund. No interest will be payable if the failure to pay the benefit within the prescribed 60 days period is due to no fault of the BOARD.*
- 6.4.3. Any amount relating to the membership of a MEMBER in any APPROVED FUND may be paid to the FUND. Any such amount must, after it has been received in the FUND'S bank account, be credited to the MEMBER ACCOUNT of the MEMBER concerned.
- 6.4.4. If any amount is to be transferred from an APPROVED FUND and credited to a MEMBER'S MEMBER ACCOUNT then the BOARD may not accept such an amount unless the MEMBER has confirmed in writing that the benefit may be transferred to the FUND.

7. FUND ACCOUNTS

7.1. Structure of the FUND'S accounts

- 7.1.1. The following must be maintained by the FUND –
- 7.1.1.1. MEMBER and EMPLOYER ACCOUNTS;
 - 7.1.1.2. Reserve Account consisting of :
 - 7.1.1.2.1. Data reserve;
 - 7.1.1.2.2. Expense reserve;
 - 7.1.1.2.3. Risk reserve
 - 7.1.1.2.4. Investment reserve
- 7.1.2. The BOARD may establish any other account as it considers appropriate from time to time.

7.2. MEMBERS AND EMPLOYERS ACCOUNTS

- 7.2.1. The following must be credited to each MEMBER ACCOUNT –
 - 7.2.1.1. contributions in terms of RULE 6.1;
 - 7.2.1.2. any amount transferred from the Investment Reserve Account on termination of a MEMBER's membership in the FUND as determined by the BOARD from time to time provided that the amount shall not be less than that required to be paid in terms of section 15G of the ACT;
 - 7.2.1.3. late payment interest in terms of RULE 6.3.5;
 - 7.2.1.4. amounts transferred to the FUND from another fund for him or her when he or she became a MEMBER of the FUND;
 - 7.2.1.5. a share of the investment earnings of the FUND, if positive, at a rate determined by the BOARD on a monthly basis. On the portfolio in which his or her FUND CREDIT is invested by the FUND
 - 7.2.1.6. any transfer from the Employer Account;
- 7.2.2. The following must be debited to each MEMBER ACCOUNT –
 - 7.2.2.1. benefits paid on the retirement of the MEMBER in terms of RULE 8.3;
 - 7.2.2.2. the benefit payable on the death of the MEMBER in terms of RULE 8.1;
 - 7.2.2.3. the benefit payable on the DISABLEMENT of the MEMBER, in terms of RULE 8.2;
 - 7.2.2.4. the withdrawal benefit in terms of RULE 8.5;
 - 7.2.2.5. benefit payable on the retrenchment of a MEMBER in terms of RULE 8.4;
 - 7.2.2.6. any amount transferred to any fund referred to in RULE 14 on the termination of the MEMBER'S membership in the FUND;
 - 7.2.2.7. a share of the investment losses of the FUND at a rate determined by the BOARD on a monthly basis;
 - 7.2.2.8. any costs associated with the payment of any BENEFIT.

Within the EMPLOYER ACCOUNT, there will be a fund account for each MEMBER

- 7.2.3. The following must be credited to each EMPLOYER ACCOUNT –
 - 7.2.3.1. contributions in terms of RULE 6.2;
 - 7.2.3.2. any amount transferred from the Investment Reserve Account on termination of a MEMBER's membership in the FUND as determined by the BOARD from time to time provided that the amount shall not be less than that required to be paid in terms of section 15G of the ACT;
 - 7.2.3.3. a share of the investment earnings of the FUND, if positive, on the portfolio in which his or her FUND CREDIT is invested by the FUND;
- 7.2.4. The following must be debited to each EMPLOYER ACCOUNT –
 - 7.2.4.1. benefits paid on the retirement of the MEMBER in terms of RULE 8.3;

- 7.2.4.2. the benefit payable on the death of the MEMBER in terms of RULE 8.1;
- 7.2.4.3. the benefit payable on the DISABLEMENT of the MEMBER, in terms of RULE 8.2;
- 7.2.4.4. the withdrawal benefit in terms of RULE 8.5;
- 7.2.4.5. benefit payable on the retrenchment of a MEMBER in terms of RULE 8.4;
- 7.2.4.6. any amount transferred to any fund referred to in RULE 14 on the termination of the MEMBER'S membership in the FUND;
- 7.2.4.7. any cost involved in tracing the MEMBER or on his or her death his or her DEPENDANTS;
- 7.2.4.8. a share of the investment losses of the FUND at a rate determined by the BOARD;
- 7.2.4.9. any costs associated with the payment of any BENEFIT.

7.3. EXPENSE ACCOUNT

- 7.3.1. The following amounts must be credited to the Expense Account –
 - 7.3.1.1. an opening balance as at 1 May 2008, as decided by the BOARD provided that it will be subject to approval by the REGISTRAR on the FUND'S surplus apportionment date (which date is determined in accordance with the ACT);
 - 7.3.1.2. a monthly amount as decided by the BOARD to provide for the ongoing estimated administration expenses of the FUND transferred from the Investment Account;
- 7.3.2. The following must be debited against the EXPENSE ACCOUNT –
 - 7.3.2.1. any fees, disbursements, levies and expenses payable by the FUND which are not paid by any person administering any asset of the FUND.
 - 7.3.2.2. administration fees, expenses and other costs incurred by the FUND in terms of the RULES

7.4. DATA RESERVE ACCOUNT

- 7.4.1. The following must be credited to the Data Reserve Account:
 - 7.4.1.1. an opening balance, as at 1 May 2008, as decided by the BOARD provided that it will be subject to approval by the REGISTRAR on the FUND'S surplus apportionment date (which date is determined in accordance with the ACT);
- 7.4.2. This account shall be debited with:
 - 7.4.2.1. The FUND'S costs associated with and resulting from any corrections in respect of any data errors;

7.5. RISK RESERVE ACCOUNT

7.5.1. The Risk Reserve Account shall be credited with:

7.5.1.1. an opening balance, as at 1 May 2008, as determined by the BOARD provided that it will be subject to approval by the REGISTRAR on the FUND'S apportionment date (which date is determined in accordance with the ACT). The opening balance is to provide for the estimated Incurred But Not Reported ("IBNR") lump sum death benefit claims; and

7.5.1.2. a monthly amount as determined by the BOARD to provide for the ongoing estimated lump sum death claims in terms of RULE 8.1.1.2.2.

7.5.2. This account shall be debited with:

7.5.2.1. The FUND'S costs associated with and resulting from any lump sum death claims payable in terms of RULE 8.1.1.2.2.

7.6. INVESTMENT RESERVE ACCOUNT

7.6.1. An Investment Reserve shall be established to allow the BOARD scope to smooth the FUND interest as declared to provide the MEMBERS with a measure of protection against the possible volatile impact of future unforeseen adverse investment performance.

7.6.2. At the end of each FINANCIAL YEAR the balance of the Investment Reserve Account shall be determined as the excess of the fair value of the net assets over the sum of the MEMBERS' FUND CREDITS and the balance of the Contingency Reserves provided that the process of smoothing the fund returns shall under normal circumstances not result in the balance of the Investment Reserve to exceed 10% of the fair value of the net assets.

7.6.3. As soon as practical at the end of each Financial Year the BOARD shall determine an effective date and a percentage by which all unpaid BENEFITS which became payable in terms of RULES 8.1.1.2.1; 8.2; 8.3; 8.4 and 8.5 as from the 1 January 2008 shall be increased with a percentage as determined by the BOARD provided that the BOARD may amend this percentage before the next annual review in the light of a change in the investment conditions.

8. BENEFITS

8.1. Death Benefits

8.1.1. Right to death benefit

8.1.1.1. The FUND may but is not obliged to conclude an agreement or agreements with one or more INSURERS in terms of which the INSURER or INSURERS will pay amounts to the FUND on the deaths of its MEMBERS.

8.1.1.2. If a MEMBER dies before retirement, a death benefit is payable. The death benefit is:

- 8.1.1.2.1. a lump sum equal to the MEMBER'S FUND CREDIT plus,
- 8.1.1.2.2. the higher of the amount of R25 000.00 (twenty-five thousand Rand) or one year's WAGES.

8.1.2. Payment of death benefit

- 8.1.2.1. Payment of the death benefit shall be in terms of Section 37C of the ACT; provided that where a DEFERRED RETIREE dies before electing to receive his DEFERRED BENEFIT, his BENEFIT shall be paid to his estate and there shall be no further claim on the FUND
- 8.1.2.2. On proof, satisfactory to the BOARD, of the death of a MEMBER, the BOARD shall pay the death benefit in terms of this RULE, provided that the amount referred to in RULE 8.1.1.2 above shall not be payable in respect of a MEMBER who is 65 years or older at the time of his or her death;
- 8.1.2.3. If a MEMBER dies within 6 (six) months from the date of cessation of his or her membership and the cessation of his or her membership falls within the ambit of RULE 8.2 or 8.4 he or she will be entitled to that portion of the death benefit provided for in RULE 8.1.1.2 which he or she has not yet received.

8.1.3. Restrictions

- 8.1.3.1 An ELIGIBLE EMPLOYEE who enters SERVICE and has already attained age 55 (fifty-five) years shall not be entitled to a death benefit in terms of RULE 8.1.1.2.2.
- 8.1.3.2 CATEGORY A MEMBER'S who upon approval of membership are above the age of 55 (fifty-five) years shall not be entitled to a death benefit in terms of RULE 8.1.1.2.2.
- 8.1.3.3 Other CATEGORY A MEMBER'S will not be eligible for a death benefit in terms of RULE 8.1.1.2.2 until after a period of 12 months of being admitted as a MEMBER provided further that calculation of the benefit shall be based on the member's actual wage rate limited to a maximum rate equal to the highest prescribed wage rate for the INDUSTRY

8.2. Disability Benefits

- 8.2.1. Right to a disability benefit
 - 8.2.1.1. If a MEMBER becomes DISABLED before retirement, then a disability benefit is payable. The disability benefit is equal to the MEMBER'S FUND CREDIT as at the date of DISABLEMENT.
- 8.2.2. Payment of disability benefit
 - 8.2.2.1. A MEMBER claiming a disability benefit must prove within six months after date of DISABLEMENT that he or she is totally unfit to earn his or her living in the INDUSTRY. Should he or she fail to do this,

the BOARD shall not be required to further consider a claim for a disability benefit.

8.2.2.2. Any disability benefit payable must be paid to the MEMBER in a lump sum. After payment of the benefit the MEMBER will have no further claim against the FUND.

8.3. Retirement Benefit

8.3.1. Retirement

8.3.1.1. A MEMBER is entitled to retire on his or her NORMAL RETIREMENT DATE;

8.3.1.2. A MEMBER may, with the consent of the EMPLOYER retire at any time on or after his or her 55th (fifty-fifth) birthday;

8.3.1.3. A MEMBER may retire after the NORMAL RETIREMENT DATE as may have been elected by the MEMBER provided –

8.3.1.3.1. the EMPLOYER agrees to it;

8.3.1.3.2. the CONTRIBUTIONS that would otherwise be payable had such MEMBER not attained his or her NORMAL RETIREMENT DATE must continue to be payable until retirement; and

8.3.1.3.3. it does not extend beyond the age of 70 (seventy).

8.3.1.3.4.

8.3.2. Benefit

The benefit payable to a MEMBER on his or her retirement from SERVICE in terms of this RULE will be his or her FUND CREDIT at the date of his or her retirement.

8.3.3. Benefit payable to a Deferred Retiree

A DEFERRED RETIREE may claim his DEFERRED BENEFIT at any time, subject to 1 (one) calendar month's written notice of this to the Fund. The DEFERRED BENEFIT shall be payable in accordance with RULE 8.3.2 after payment of which the RETIREE shall have no further claim of whatsoever nature on the FUND.

8.4. Benefit on retrenchment

8.4.1. If a MEMBER leaves the INDUSTRY as the result of retrenchment and his or her EMPLOYER submits proof to this effect acceptable to the BOARD, he or she will be entitled to a BENEFIT equal to his or her FUND CREDIT at the date on which he or she leaves the INDUSTRY.

8.5. Withdrawal Benefit

8.5.1. Right to a withdrawal benefit

A MEMBER is entitled to receive a withdrawal benefit as soon as practically possible after he or she ceases to be a MEMBER of the FUND for any reason not already provided for in RULE 8.

8.5.2. Amount of withdrawal benefit

The withdrawal benefit of a MEMBER is his or her FUND CREDIT as at the date of his or her withdrawal.

8.6. Benefit Inalienable

8.6.1. Save to the extent permitted by the law, no benefit or right thereto provided for in the RULES, or right in respect of contributions made by or on behalf of a MEMBER shall be capable of being reduced, transferred, ceded, pledged or hypothecated or be liable to attachment or subject to any form of execution under a judgement or order of court.

8.6.2. If any person attempts to transfer, cede, pledge or hypothecate any benefit or right, the benefit shall, as the BOARD may direct, be withheld or suspended; provided that the BOARD may direct that the benefit or part thereof be paid to one or more of the person's DEPENDANTS or to a guardian or trustee for the benefit of such DEPENDANT or DEPENDANTS during such period as they may determine.

8.6.3. If the estate of any person entitled to a benefit in terms of the RULES is sequestrated or surrendered, the benefit shall, subject to the provisions of the ACT, not be deemed to form part of the assets of the insolvent estate of such person and may not in any way be attached or appropriated by the curator of such person's insolvent estate or by his or her creditors, notwithstanding anything to the contrary in any law relating to insolvency.

8.7. Deduction

Any benefit payable in respect of a MEMBER or BENEFICIARY in terms of the RULES on a MEMBER'S retirement or termination of membership for whatever reason may be subject to a deduction as provided for in the ACT or by law.

9. GUARANTEE FOR HOUSING LOANS

9.1. The BOARD shall have the power to furnish a guarantee in respect of a loan by some other person to a MEMBER for a purpose referred to in section 19(5) (a) (section 19(5) is repeated in the Annexures to these RULES) of the ACT and, if so required for such purpose, may make a deposit in pledge with a financial institution as collateral security. Such guarantees shall be subject to the requirements of the REGISTRAR.

9.2. If a financial institution grants to a MEMBER a loan to be used for HOUSING PURPOSES, the FUND, at the sole discretion of the BOARD, may grant to that financial institution a guarantee that, if the MEMBER fails to repay the loan, the financial institution will have a claim against the FUND for the amount owed to it by the MEMBER on the following conditions:

9.2.1. no guarantee will be issued if the MEMBER is at the time of the request for it liable to the FUND in respect of a guarantee in respect of other immovable property;

9.2.2. the claim by the financial institution against the FUND will be limited to the amount that the MEMBER would be entitled to in cash, after tax, if he or she left the FUND before his or her NORMAL RETIREMENT DATE; and

- 9.2.3. the MEMBER must in writing pledge from his or her MEMBER'S ACCOUNT an amount equal to the guarantee. The BOARD may at any time require such a MEMBER to indemnify the FUND for any loss suffered by the FUND in the event that the FUND pays to the financial institution the amount of the guarantee because the MEMBER has failed to repay the loan for which the guarantee was made.

10. GENERAL PROVISIONS

10.1. RIGHT TO INSPECT DOCUMENTS AND OBTAIN COPIES

Every MEMBER is entitled to see and, on payment of such sum as the BOARD may decide, receive copies of -

- 10.1.1. the RULES;
- 10.1.2. the latest revenue account and balance sheet prepared in terms of the ACT;
- 10.1.3. the report by the ACTUARY on the latest statutory valuation of the FUND, if there is one;
- 10.1.4. any statement prepared in terms of section 17 of the ACT; and
- 10.1.5. any scheme which is being conducted by the FUND in terms of section 18 of the ACT.

10.2. CONFIDENTIALITY OF INFORMATION

- 10.2.1. The BOARD and each of the members of the BOARD are only entitled to such information from an EMPLOYER as they may reasonably require for the fulfillment of their responsibilities in terms of these RULES. They may only use such information for the administration and management of the FUND and may not disclose it to any person or body other than office-bearers or employees or agents of the FUND. Those persons likewise may only use the information for the administration and management of the FUND and may not disclose it to anyone else without the permission of the BOARD.
- 10.2.2. The minutes of any meeting of the BOARD, the content of any discussion at any such meeting, any information as to how any BOARD MEMBER voted on a particular issue and the content of any documentation submitted to the BOARD for discussion may not be disclosed to any person who is not a BOARD MEMBER unless such disclosure is required by law or is authorised by the BOARD.

10.3. CURRENCY

All CONTRIBUTIONS and all benefits must be paid in South African currency.

10.4. COMMUNICATION FROM EMPLOYER

- 10.4.1. The FUND is entitled to rely on any information or communication received from an EMPLOYER in respect of a MEMBER in its service including, without limiting the generality of the foregoing, information relating to the MEMBER in particular his or her WAGE and age.

10.4.2. The provisions RULE 10.4.1 do not apply if the information or communication is conveyed directly to the FUND by the MEMBER or BENEFICIARY or if the MEMBER or BENEFICIARY notifies the FUND that RULE 10.4.1 is not to apply to him.

10.4.3. No MEMBER, BENEFICIARY or any person enjoying rights in succession to any MEMBER or BENEFICIARY has any claim against the FUND in respect of any loss which may arise as a result of the reliance by the FUND on any information or communication conveyed to it by an EMPLOYER.

10.5. NOTICES TO BE IN WRITING

Any notice, request, instruction or other communication given by any person in terms of the RULES to the FUND must, unless otherwise specified, be in writing. Any person giving such notice, request, instruction or other communication bears the onus of proof that it was received by the FUND.

10.6. CHANGE OF LEGISLATION

If -

10.6.1. any legislation (including any subordinate legislation) referred to in these RULES is amended, repealed or substituted, then the equivalent provisions in such amended or substituted legislation shall be deemed to apply or applicable in these RULES;

10.6.2. the wording of any of these RULES is taken from the wording of any legislation in existence at the time that these RULES were approved by any applicable authority, or the wording of such legislation is subsequently amended, then the equivalent provisions of the amended legislation will override the applicable provision of these RULES.

10.7. BINDING POWER OF RULES

The provisions of the RULES and any regulation made there under by the BOARD shall be binding on the MEMBERS, the FUND and its officials, and any person who institutes a claim against the FUND.

10.8. EXPENSES OF THE FUND

The FUND must pay for all expenses incurred in the management and administration of the FUND and in auditing and conducting actuarial valuations of the FUND if those expenses were authorized by the BOARD in accordance with specific decisions taken by it or general policies formulated by it. All these fees, disbursements, levies, expenses and taxes must be paid by the FUND from the Expense Reserve Account

10.9. PAYMENT OF BENEFITS

10.9.1. Money payable to any BENEFICIARY in terms of the RULES must be paid by means of a cheque drawn on the FUND'S bank account or by bank transfer for the credit of the person concerned. If payment is made other than by bank transfer with the agreement of the BOARD, then such payment is at the risk of the BENEFICIARY entitled to such payment.

- 10.9.2. Any payment made in terms of RULE 10.9.1 is subject to any term or condition of payment stipulated by the BOARD; and in respect of any payment of a benefit is in full and final settlement of such benefit.
- 10.9.3. To the extent that interest may be due in respect of any amount payable by the FUND in terms of these RULES, then such interest is payable at the same rate and capitalised in the same way, if at all, as the RATE OF INTEREST declared by the FUND on advice of the ACTUARY. Any such interest must be reduced by any tax which must be deducted from the interest by the FUND.
- 10.9.4. If the BOARD believes that it is appropriate, it may pay a benefit -
- 10.9.4.1. to a trustee of a trust established for the benefit of the person to whom the benefit is payable; or
 - 10.9.4.2. to the guardian of the person to whom that benefit is payable if that person is a minor, or to his or her curator, if that person is under curatorship, provided that if no such guardian or curator has been appointed then the payment may be withheld until such appointment has been properly made.
 - 10.9.4.3. to a third party in terms of Section 37A(4)(a) and (b) if the MEMBER or a person entitled to the benefit in terms of these RULES provides sufficient proof that he is unable to open a bank account. Provided further, that a MEMBER or a person entitled to the benefit in terms of these RULES completes an indemnity form in favour of the FUND for any possible loss or damage to the FUND.
- 10.9.5. Any benefit being paid to a BENEFICIARY will be net of any deductions which the BOARD is obliged to or may make in terms of any applicable legislation.

10.10. Unclaimed Benefit

Any unclaimed benefit, as defined in the ACT, older than twenty-four months from the ACCRUAL DATE, (or any other period as may be prescribed by the Registrar from time to time), shall remain in the FUND until it is paid to any person entitled thereto, in terms of the RULES, provided that:

- (a) ongoing administration expenses may be recovered from the unclaimed benefit of the individual concerned;
- (b) any reasonable tracing costs incurred by the BOARD to trace a beneficiary may be recovered from the benefit due to such beneficiary;
- (c) the BOARD shall have the option to transfer all/any unclaimed benefits into an UNCLAIMED BENEFIT FUND that has been established for purposes of housing unclaimed benefits.

10.11. COMPLAINTS

- 10.11.1. A complainant who has a complaint is entitled to lodge this complaint in writing with the PRINCIPAL OFFICER, the EMPLOYER or the FUND in terms of the relevant provisions of the ACT.
- 10.11.2. A complaint so lodged must be properly considered and replied to in writing by the PRINCIPAL OFFICER, the EMPLOYER or the BOARD on behalf of the FUND as the case may be within 30 (thirty) days of receipt of such complaint.
- 10.11.3. If the MEMBER is not satisfied with a response or does not receive a response within the 30 day period he or she may refer his or her complaint to the Pension Funds Adjudicator for determination.

10.12. MONIES NOT TO REVERT TO EMPLOYER

No monies of the FUND other than that which must in terms of the ACT, may revert to or become the property of an EMPLOYER and then only in respect of the EMPLOYER to whom such monies relate and, if this is required in terms of any applicable law and if approved by the relevant regulator in terms of that law.

10.13. BENEFIT IMPROVEMENTS

The BOARD MEMBERS, acting on the advice of the ACTUARY, may increase the benefits payable in terms of these RULES subject to an appropriate increase in the contribution rates, if required.

11. RULE AMENDMENTS

- 11.1. The BOARD may amend the RULES only if -
 - 11.1.1. it has first obtained the opinion of the ACTUARY on the question whether the RULE amendment will affect the financial soundness of the FUND;
 - 11.1.2. the amendment will not result in the reduction of the amount of any MEMBER'S FUND CREDIT unless -
 - 11.1.2.1. it has been recommended by the ACTUARY; and
 - 11.1.2.2. the MEMBERS have been given notice of it; and
 - 11.1.2.3. the COUNCIL has consented to such reduction;and
 - 11.1.3. the COUNCIL has consented to the RULE amendment, if the RULE amendment could affect the financial liabilities of the EMPLOYERS.
- 11.2. Each rule amendment must be submitted to the REGISTRAR and such other institution as may be required by the ACT for their approval and registration.
- 11.3. The BOARD may amend the RULES without requiring the consent of the COUNCIL if -
 - 11.3.1. the amendment is necessary to ensure the ongoing financial soundness of the FUND or to ensure compliance with applicable laws; or
 - 11.3.2. the amendment does not affect the balance in any MEMBER ACCOUNT or the level of contribution payable by a EMPLOYER.
- 11.4. In any other circumstance the BOARD may only amend the RULES with the consent of the COUNCIL.

12. INDEMNITY

The FUND will refund to a BOARD MEMBER all costs reasonably incurred by him in opposing a claim against the FUND which did not result from any negligence, recklessness, intentional unlawful acts, dishonesty or fraud by that BOARD MEMBER.

13. FIDELITY INSURANCE

The BOARD must ensure that the FUND is insured by an INSURER against any loss which results from the error or omissions, negligence, recklessness, intentional unlawful acts or dishonesty of-

- 13.1. a BOARD MEMBER;
- 13.2. the PRINCIPAL OFFICER or any other official of the FUND; or
- 13.3. an employee of the FUND,

other than a loss which arises when the FUND sells an asset in accordance with a decision about its investments, or when the FUND receives a lower than expected return on its investments or as a result of the payment of a benefit in terms of the RULES.

14. TERMINATION, TRANSFER OR AMALGAMATION OF THE FUND

- 14.1. If –
 - 14.1.1. the COUNCIL gives notice to the BOARD that it has decided to discontinue participation in the FUND; or
 - 14.1.2. if there is no COUNCIL, and the BOARD decides to discontinue the FUND; the FUND must be terminated.
- 14.2. In the event of the expiry of the AGREEMENT by effluxion of time or for any other cause, the BOARD shall continue to administer the FUND and may make such arrangements or enter into such AGREEMENTS as may be necessary for continuing the FUND under modified conditions, or dispose of the assets for the benefit of its MEMBERS.
- 14.3. If the circumstances provided for in RULES do not apply, the BOARD shall appoint a liquidator in accordance with the provisions of RULES and the ACT and the following shall apply:
 - (a) that part of the FUND which is to be liquidated in terms of the ACT shall be limited to the total assets and liabilities attributable to the MEMBERS employed by the withdrawing EMPLOYER, (or the DEFERRED RETIREES who were employed by the withdrawing Employer), as determined by the liquidator in consultation with the ACTUARY and the provisions of RULE 10.3 shall apply; and
 - (b) once all payments have been made in accordance with the provisions of RULE 10.3, the EMPLOYER shall cease to be an Employer and its MEMBER and DEFERRED RETIREE EMPLOYEES as the case may be, shall cease to be MEMBERS or DEFERRED RETIREES as the case may be and shall have no further claim on the FUND.
- 14.4. The liquidator shall realise the assets of the FUND and shall apportion the proceeds amongst the MEMBERS on a basis recommended by the ACTUARY and approved by the liquidator. In making such apportionment the liquidator shall include each former MEMBER whose

membership ceased during the period of twelve months ending on the date of commencement of liquidation but shall reduce the amount of such person's apportionment by the amount of his or her benefit on cessation of membership. The liquidation shall then pay each beneficiary the amount of his or her benefit in cash.

- 14.5 An amount payable in terms of RULE 14.4 above, to a person who cannot be traced, shall be transferred either into:
- (a) an UNCLAIMED BENEFIT FUND, established for the purposes of housing unclaimed benefits, provided that the ACT permits such a transfer; or
 - (b) the Guardian's Fund.
- 14.6 Liquidation of the FUND when a court decides that it must be liquidated
If a court decides that the FUND must be liquidated, the liquidator must liquidate the FUND in terms of the relevant provisions of the ACT. If the court does not make section 410 of the Companies Act applicable to the liquidation or if it does not instruct the liquidator on what to do with unclaimed benefits, those benefits must be paid into the Guardian's Fund and the liquidator must report to the REGISTRAR on the amounts paid into the Guardian's Fund and the steps that he or she took to locate the beneficiaries. Thereafter there will be no claim against the FUND in respect of that amount.
- 14.7 If the COUNCIL instructs the BOARD to transfer the assets and liabilities of the FUND to an APPROVED FUND, or to accept the transfer to it of some or all of the assets and liabilities of any APPROVED FUND it shall do so subject to any applicable laws.
- 14.8 If the assets and liabilities of the FUND are to be transferred to another fund, the benefits to which a MEMBER would otherwise be entitled on early withdrawal will be paid to him if he or she is not eligible for membership of the new fund.
- 14.9 Whenever the FUND amalgamates, transfers or accepts the transfer of any business, the BOARD must ensure that a written notice is sent to every MEMBER who is to transfer out of the FUND and to every person who is about to transfer into the FUND. Full details of the amalgamation or transfer scheme must appear in the notice. The notice must be sent at least 30 days before the scheme is submitted to the REGISTRAR for his or her approval.
- 14.10 Any EMPLOYER may, after ceasing to be an EMPLOYER in the Leather Industry, give notice in writing to the BOARD of its intention to cease its participating as an EMPLOYER in the FUND. In such case the provisions of the RULE 14 shall apply: provided, that the part of the FUND which is to be liquidated in terms of the ACT shall be limited to the total assets and liabilities attributable to the MEMBERS related to the withdrawing EMPLOYER as determined by the liquidator in consulting with the VALUATOR.

15. CODE OF GOOD CONDUCT

- 15.1. The BOARD will establish a CODE OF GOOD CONDUCT.
- 15.2. The conduct of each of the following in relation to the FUND may be assessed with reference to the CODE OF GOOD CONDUCT:
- 15.2.1. each BOARD MEMBER, and
 - 15.2.2. the ADMINISTRATOR, and

- 15.2.3. the PRINCIPAL OFFICER, and
- 15.2.4. any person to whom any responsibility of the BOARD is delegated; and
- 15.3. Where any person as specified in RULE 15.2 fails to comply with the CODE OF GOOD CONDUCT, the BOARD may, at its discretion, but subject to any applicable law, terminate the involvement of the person with the FUND.
- 15.4. The BOARD must review the CODE OF GOOD CONDUCT from time to time.

ANNEXURE A

PENSION FUNDS ACT, NO 24 OF 1956

SECTION 37C

"37C Disposition of pension benefits upon death of member. -

- 1) Notwithstanding anything to the contrary contained in any law or in the rules of a registered fund, any benefit payable by such a fund upon the death of a member, shall, subject to a pledge in accordance with section 19(5) (b) (i) and subject to the provisions of section 37A (3) and 37D, not form part of the assets in the estate of such a member, but shall be dealt with in the following manner:
 - (a) If the fund within twelve months of the death of the member becomes aware of or traces a dependant or dependants of the member, the benefit shall be paid to such dependant, or, as may be deemed equitable by the board, to one of such dependants or in proportions to some of or all such dependants.
 - (b) If the fund does not become aware of or cannot trace any of the member, and the member has designated in writing to dependant of the member within twelve months of the death the fund a nominee who is not a dependant of the member, to receive the benefit or such portion of the benefit as is specified by the member in writing to the fund, the benefit or such portion of the benefit shall be paid to such nominee: Provided that where the aggregate amount of the debts in the estate of the member exceeds the aggregate amount of the assets in his or her estate, so much of the benefit as is equal to the difference between such aggregate amount of debts and such aggregate amount of assets shall be paid into the estate and the balance of such benefit or the balance of such portion of the benefit as specified by the member in writing to the fund shall be paid to the nominee.
 - (bA) If a member has a dependant and the member has also designated in writing to the fund a nominee to receive the benefit or such portion of the benefit as is specified by the member in writing to the fund, the fund shall within twelve months of the death of such member pay the benefit or such portion thereof to such dependant or nominee in such proportions as the board may deem equitable: Provided that this paragraph shall only apply to the designation of a nominee made on or after 30 June 1989: Provided further that, in respect of a designation made on or after the said date, this paragraph shall not prohibit a fund from paying the benefit, either to a dependant or nominee contemplated in this paragraph or, if there is more than one such dependant or nominee, in proportions to any or all of those dependants and nominees.
 - (c) If the fund does not become aware of or cannot trace any dependant of the member within twelve months of the death of the member and if the member has not designated a nominee or if the member has designated a nominee to receive a portion of the benefit in

writing to the fund, the benefit or the remaining portion of the benefit after payment to the designated nominee, shall be paid into the estate of the member or, if no inventory in respect of the member has been received by the Master of the Supreme Court in terms of section 9 of the Estates Act, 1965 (Act No. 66 of 1965), into the Guardian's Fund.

- (2) For the purpose of this section, a payment by a registered fund to a trustee contemplated in the Trust Property Control Act, 1988 (Act No. 57 of 1988), for the benefit of a dependant or nominee contemplated in this section shall be deemed to be a payment to such dependant or nominee.
- (3) Any benefit dealt with in terms of this section, payable to a minor dependant or minor nominee, may be paid in more than one payment in such amounts as the board may from time to time consider appropriate and in the best interests of such dependant or nominee: Provided that interest at a reasonable rate, having regard to the investment return earned by the fund, shall be added to the outstanding balance at such times as the board may determine: Provided further that any balance owing to such a dependant or nominee at the date on which he or she attains majority or dies, whichever occurs first, shall be paid in full.
- (4) (a) Any benefit dealt with in terms of this section, payable to a major dependant or major nominee may be paid in more than one payment if the dependant or nominee has consented thereto in writing: Provided that –
 - (i) the amount of the payments, intervals of payment, interest to be added and other terms and conditions are disclosed in a written agreement; and
 - (ii) the agreement may be cancelled by either party on written notice not exceeding 90 days.
- (b) If the agreement contemplated in paragraph (a) is cancelled the balance of the benefit shall be paid to the dependant or nominee in full."

ANNEXURE B

PENSION FUNDS ACT, NO 24 OF 1956

SECTION 19(5)

- "19.5 (a) A registered fund may, if its rules so permit, grant a loan to a member by way of investment of its funds to enable the member -
- (i) to redeem a loan granted to the member by a person other than the fund, against security of immovable property which belongs to the member or his or her spouse and on which a dwelling has been or will be erected which is occupied or, as the case may be, will be occupied by the member or a dependant of the member;
 - (ii) to purchase a dwelling, or to purchase land and erect a dwelling on it, for occupation by the member or a dependant of the member; or
 - (iii) to make additions or alterations to or to maintain or repair a dwelling which belongs to the member or his or her spouse and which is occupied or will be occupied by the member or a dependant of the member.
- Sub-para. (iii) substituted by s.39 (b) of Act 99 of 1980.]
- (b) A loan contemplated in paragraph (a) shall not be granted after the commencement of the Financial Institutions Amendment Act, 1986 -
- (i) unless secured by -
 - (aa) a first mortgage on the immovable property in respect of which it is granted; or
 - (bb) a pledge of the benefits to which the member is entitled in terms of the rules of the fund; or
 - (cc) both such mortgage and such pledge;
 - (ii) in respect of immovable property if the member concerned is liable to the fund in respect of a loan granted to him in respect of other immovable property;
 - (iii) at a lower rate of interest than that which may from time to time be prescribed by regulation;
 - (iv) unless the capital sum is redeemable over a period not exceeding 30 years in equal weekly or monthly installments, which shall include the interest on the capital sum outstanding.
- (c) A loan contemplated in paragraph (a) shall not exceed where it is secured in accordance with -
- (i) paragraph (b) (i) (aa), 90 per cent of the market value of the hypothecated property concerned;
 - (ii) paragraph (b)(i)(bb), the amount of the benefit which the member would receive if he were to terminate his or her membership of the fund voluntarily or the market value of the immovable property concerned, whichever is the lesser amount; or

- (iii) paragraph (b)(i)(cc), the amount equal to the aggregate of 90 per cent of the market value of the hypothecated property concerned and the amount of the benefit which the member would receive if he were to terminate his or her membership of the fund voluntarily or the market value of the property, whichever is the lesser amount.
- (cA) The percentages referred to in subparagraphs (i) and (iii) of paragraph (c), may be increased to 100 per cent, subject to the furnishing to the fund by the employer of the member of an irrevocable guarantee in respect of so much of the loan as may exceed 90 per cent.
- (d) For the purposes of this section "immovable property" includes a surveyed site in respect of which a right of leasehold is registered in terms of section 6A of the Blacks (Urban Areas) Consolidation Act, 1945 (Act No. 25 of 1945.)

ANNEXURE C

PENSION FUNDS ACT, NO 24 OF 1956

SECTION 37D

"37D. Fund may make certain deductions from pension benefits.—

- (1) A registered fund may—
 - (a) deduct any amount due on the benefit in question by the member in accordance with the Income Tax Act, 1962 (Act No. 58 of 1962), and any amount due to the fund in respect of—
 - (i) a loan granted to a member in terms of section 19 (5); or
 - (ii) any amount for which the fund becomes liable under a guarantee furnished in respect of a member for a loan granted by some other person to the member in terms of section 19 (5), from—
 - (aa) the amount of the benefit to which the member or a beneficiary becomes entitled in terms of the rules of the fund; or
 - (bb) in the case of a transfer of the member to another fund, the amount of the benefit which the fund is so entitled to transfer, if the board of the transferor fund is satisfied that it is not otherwise reasonably possible to negotiate the repayment or to transfer the loan or the guarantee; or
 - (cc) in the case of default on the repayment of any such loan by the member concerned in circumstances where his or her membership of the fund is not terminated, the amount of the benefit which the member would have received on termination of membership on the date of default, if such a deduction is only effected as a last resort after the board of the fund is satisfied that no other arrangement for the required repayment can be made;
 - (b) deduct any amount due by a member to his employer on the date of his retirement or on which he ceases to be a member of the fund, in respect of—
 - (i)(aa) a loan granted by the employer to the member for any purpose referred to in section 19 (5) (a); or
 - (bb) any amount for which the employer is liable under a guarantee furnished in respect of a loan by some other person to the member for any purpose referred to in section 19 (5) (a),to an amount not exceeding the amount which in terms of the Income Tax Act, 1962, may be taken by a member or beneficiary as a lump sum benefit as defined in the Second Schedule to that Act; or

- (ii) compensation (including any legal costs recoverable from the member in a matter contemplated in subparagraph (bb)) in respect of any damage caused to the employer by reason of any theft, dishonesty, fraud or misconduct by the member, and in respect of which—
 - (aa) the member has in writing admitted liability to the employer;
or
 - (bb) judgment has been obtained against the member in any court, including a magistrate's court,
from any benefit payable in respect of the member or a beneficiary in terms of the rules of the fund, and pay such amount to the employer concerned;
- (c) deduct any amount which the fund has paid or will pay by arrangement with, and on behalf of, a member or beneficiary in respect of—
 - (i) such member's or beneficiary's subscription to a medical scheme, registered otherwise than provisionally in terms of the Medical Schemes Act, [1967 (Act No. 72 of 1967)] 1998 (Act No. 131 of 1998);
 - (ii) any insurance premium payable by such member or beneficiary to [an insurer registered in terms of the Insurance Act, 1943 (Act No. 27 of 1943)] a long-term insurer registered in terms of the Long-term Insurance Act, 1998 (Act No. 52 of 1998);
 - (iii) any purpose approved by the registrar, on the conditions determined by him, upon a request in writing from the fund,
from the benefit to which the member or beneficiary is entitled in terms of the rules of the fund, and pay such amount, if due, to such medical scheme, insurer or person concerned, as the case may be.
- (d) deduct from a member's benefit or minimum individual reserve, as the case may be, any amount assigned from his or her pension interest to a non-member spouse or any other person in terms of a valid order made by a competent court;
- (e) for the purposes of section 7(8) (a) of the Divorce Act, 1979 (Act No. 70 of 1979), the pension benefit referred to in that section is deemed to accrue to the member on the date of the court order:

Provided that—

- (i) such deduction shall be effected by the pension fund named in the order upon receipt of the order;
- (ii) such deduction shall have the effect of reducing the accrued benefit at the date of such deduction;
- (iii) the non-member spouse shall have the option to elect that the assigned amount be paid directly to him or her, or that it be transferred to an approved pension fund on his or her behalf, and such transfer or payment must take place within 60 days of such election having been exercised;

- (iv) the non-member spouse shall not acquire the rights of a member or beneficiary in relation to the pension fund; and
 - (v) the non-member spouse shall be entitled to the accrual of interest on the assigned amount at fund return from the expiry of the period referred to in subparagraph (iii) until payment or transfer thereof, but not to any other interest or growth.
- (2) For the purposes of paragraph (a) (ii) (bb) and (cc) of subsection (1), the amounts so deducted shall be deemed to be a benefit to which the member becomes entitled on termination of his or her membership of the fund for reasons other than as a result of retirement or death arising at the date of the transfer or the default."

TABLE OF CONTENTS

DESCRIPTION	PAGE
1. INTRODUCTION	2
1.1. NAME.....	2
1.2. REGISTERED OFFICE.....	2
1.3. OBJECT.....	2
1.4. LEGAL STATUS	2
2. DEFINITIONS	2
3. FUND GOVERNANCE.....	7
3.1. FUND MUST BE MANAGED IN TERMS OF ITS RULES	7
3.2. COMPOSITION OF THE BOARD.....	7
3.3. PERSONS DISQUALIFIED FROM BEING BOARD MEMBERS.....	8
3.4. TERMINATION OF OFFICE.....	8
3.5. TERM OF OFFICE OF A BOARD MEMBER	9
3.6. MEETINGS OF AND DECISION-MAKING BY THE BOARD	9
3.7. POWERS OF THE BOARD	11
3.8. POWERS AND DUTIES OF THE BOARD IN RELATION TO THE FUND'S INVESTMENTS	13
3.10. DELEGATION OF POWERS AND DUTIES BY THE BOARD TO ANOTHER PERSON OR BODY	14
3.11. REMUNERATION OF BOARD MEMBERS	14
3.12. SIGNING POWER	14
4. APPOINTMENTS	14
4.1. APPOINTMENT OF AUDITOR.....	14
4.2. APPOINTMENT OF PRINCIPAL OFFICER.....	15
4.3. APPOINTMENT OF ACTUARY.....	16
4.4. APPOINTMENT OF AN ADMINISTRATOR	16
5. PARTICIPATION AND MEMBERSHIP	16
5.1. ELIGIBILITY AND ADMISSION	16
5.2. INTERRUPTION AND RE-ADMITTANCE OF MEMBERSHIP	17
5.3. TERMINATION OF MEMBERSHIP	18
6. CONTRIBUTIONS	18
6.1. MEMBER'S CONTRIBUTIONS	18

DESCRIPTION	PAGE
6.2. EMPLOYER'S CONTRIBUTION	18
6.3. PAYMENT OF CONTRIBUTIONS.....	18
6.4. AMOUNTS TRANSFERRED TO THE FUND FROM OTHER FUNDS	20
7. FUND ACCOUNTS	20
7.1. STRUCTURE OF THE FUND'S ACCOUNTS	20
7.2. MEMBERS AND EMPLOYERS ACCOUNTS.....	20
7.3. EXPENSE ACCOUNT.....	22
7.4. DATA RESERVE ACCOUNT	22
7.5. RISK RESERVE ACCOUNT.....	22
7.6. INVESTMENT RESERVE ACCOUNT	23
8. BENEFITS	23
8.1. DEATH BENEFITS	23
8.1.1. RIGHT TO DEATH BENEFIT	23
8.1.2. PAYMENT OF DEATH BENEFIT.....	24
8.1.3. RESTRICTIONS	24
8.2. DISABILITY BENEFITS.....	24
8.2.1. RIGHT TO A DISABILITY BENEFIT.....	24
8.2.2. PAYMENT OF DISABILITY BENEFIT	24
8.3. RETIREMENT BENEFIT.....	25
8.3.1. RETIREMENT.....	25
8.3.2. BENEFIT	25
8.4. BENEFIT ON RETRENCHMENT.....	25
8.5. WITHDRAWAL BENEFIT	25
8.5.1. RIGHT TO A WITHDRAWAL BENEFIT	25
8.5.2. AMOUNT OF WITHDRAWAL BENEFIT	26
8.6. BENEFIT INALIENABLE	26
8.7. DEDUCTION	26
9. GUARANTEE FOR HOUSING LOANS.....	26
10. GENERAL PROVISIONS.....	27
10.1. RIGHT TO INSPECT DOCUMENTS AND OBTAIN COPIES	27

DESCRIPTION	PAGE
10.2. CONFIDENTIALITY OF INFORMATION	27
10.3. CURRENCY	27
10.4. COMMUNICATION FROM EMPLOYER.....	27
10.5. NOTICES TO BE IN WRITING	28
10.6. CHANGE OF LEGISLATION	28
10.7. BINDING POWER OF RULES	28
10.8. EXPENSES OF THE FUND	28
10.9. PAYMENT OF BENEFITS.....	28
10.10. COMPLAINTS.....	30
10.11. MONIES NOT TO REVERT TO EMPLOYER	30
11. RULE AMENDMENTS	30
12. INDEMNITY	31
13. FIDELITY INSURANCE.....	31
14. TERMINATION, TRANSFER OR AMALGAMATION OF THE FUND	31
15. CODE OF GOOD CONDUCT	32
ANNEXURE A	34
ANNEXURE B.....	36
ANNEXURE C.....	38