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DEPARTEMENT VAN DIE EERSTE MINISTER

No. 1531.

13 Julie 1979.

Hierby word bekend gemaak dat die Staatspresident sy goedkeuring gegee het aan die onderstaande Wet wat hierby ter algemene inligting gepubliseer word:—

No. 103 van 1979: Wysigingswet op Finansiële Instellings, 1979.

DEPARTMENT OF THE PRIME MINISTER

No. 1531.

13 July 1979.

It is hereby notified that the State President has assented to the following Act which is hereby published for general information:—

No. 103 of 1979: Financial Institutions Amendment Act, 1979.

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GENERAL EXPLANATORY NOTE:

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Words in bold type in square brackets indicate omissions from existing enactments.

Words underlined with solid line indicate insertions in existing enactments.

ACT

To amend the Insurance Act, 1943, so as to redefine "guarantee business"; to further regulate the holding of assets; to prohibit certain practices and methods of conducting business; to further regulate the insurance of the lives of persons performing military service; and to effect certain textual alterations; to amend the Pension Funds Act, 1956, so as to further regulate the holding of assets, the granting of loans by pension funds to members and the exemption of pension funds from compliance with certain investment requirements; to provide further for the making of regulations; and to effect certain textual alterations; to amend the Friendly Societies Act, 1956, so as to provide further for the making of regulations and to effect certain textual alterations; to amend the Banks Act, 1965, so as to further define certain expressions; to further regulate the registration of bank controlling companies; to reduce the capital and reserve funds which banking institutions are required to maintain against liabilities under acceptances; and to further regulate the prescribed investments that banking institutions have to maintain and the restrictions on the investment by banking institutions in certain assets; and to amend the Building Societies Act, 1965, so as to extend the powers of building societies and property companies in relation to certain immovable property, and to further regulate the acceptance of deposits by building societies; and to provide for incidental matters.

(Afrikaans text signed by the State President.)

(Assented to 2 July 1979.)

BE IT ENACTED by the State President, the Senate and the House of Assembly of the Republic of South Africa, as follows:—

Amendment of section 1 of Act 27 of 1943, as amended by section 2 of Act 73 of 1951, section 39 of Act 24 of 1956, section 50 of Act 25 of 1956, section 1 of Act 79 of 1959, section 1 of Act 10 of 1965, section 1 of Act 41 of 1966, section 1 of Act 65 of 1968,

1. Section 1 of the Insurance Act, 1943, is hereby amended—

- (a) by the substitution in subsection (1) in the definition of "compulsory third party business" or "compulsory third party insurance business" for the expression "Motor Vehicle Insurance Act, 1942 (Act No. 29 of 1942)" of the expression "Compulsory Motor Vehicle Insurance Act, 1972 (Act No. 56 of 1972)";
- (b) by the substitution in the said subsection (1) for the definition of "guarantee business" of the following definition:

"'guarantee business' means the business of assuming [the] obligations [of an insurer] under guarantee policies";

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section 1 of
Act 39 of 1969,
section 1 of
Act 91 of 1972,
section 1 of
Act 101 of 1976,
section 1 of
Act 94 of 1977
and section 1 of
Act 80 of 1978.

- (c) by the substitution in the said subsection (1) for the definition of "guarantee policy" of the following definition:
- "'guarantee policy' means any contract whereby **[an insurer]** any person assumes an obligation (in return for the payment or the promise of the payment of a sum or sums of money, and otherwise than incidentally to an insurance effected by means of some other class of policy) to discharge the debts or other obligations of any other person in the event of the failure of that person to do so, and includes any statutory form of bond, guarantee or undertaking issued by **[an insurer]** any person in return for payment;";
- (d) by the substitution in the said subsection (1) for paragraph (j) of the proviso to the definition of "insurance business" of the following paragraph:
- "(j) any guarantee, under which an obligation is assumed as contemplated in the definition of 'guarantee policy', given by a person who is not a registered insurer **[as defined in this section]** and who in the opinion of the registrar does not **[solely or mainly]** carry on in the Republic the business of furnishing such guarantees;"; and
- (e) by the substitution in subsection (1)*bis* for the expression "Motor Vehicle Insurance Act, 1942 (Act No. 29 of 1942)" of the expression "Compulsory Motor Vehicle Insurance Act, 1972 (Act No. 56 of 1972)".

Amendment of
section 4 of
Act 27 of 1943,
as amended
by section 1 of
Act 19 of 1945,
section 3 of
Act 73 of 1951,
section 4 of
Act 79 of 1959,
section 10 of
Act 64 of 1960,
section 3 of
Act 10 of 1965,
section 2 of
Act 39 of 1969
and section 3 of
Act 101 of 1976.

2. Section 4 of the Insurance Act, 1943, is hereby amended by the substitution in paragraph (b) (i) of subsection (3)*bis* for the expression "Companies Act, 1926 (Act No. 46 of 1926), or the Companies Ordinance, 1928 (Ordinance No. 19 of 1928), of the Territory", of the expression "Companies Act, 1973 (Act No. 61 of 1973)".

Amendment of
section 11 of
Act 27 of 1943,
as substituted
by section 9 of
Act 73 of 1951
and amended
by section 8 of
Act 10 of 1965.

3. Section 11 of the Insurance Act, 1943, is hereby amended by the substitution in paragraph (a) of subsection (5) for the expression "Companies Act, 1926 (Act No. 46 of 1926)" of the expression "Companies Act, 1973 (Act No. 61 of 1973)".

Amendment of
section 17 of
Act 27 of 1943,
as substituted
by section 12 of
Act 10 of 1965
and amended
by section 4 of
Act 41 of 1966,
section 2 of
Act 91 of 1972,
section 6 of
Act 101 of 1976,
section 3 of
Act 94 of 1977
and section 2 of
Act 80 of 1978.

4. Section 17 of the Insurance Act, 1943, is hereby amended—

- (a) by the substitution for subsection (2) of the following subsection:
- "(2) (a) The assets referred to in subsection (1) (b) shall, subject to the provisions of subsections (2A) and (3), include assets of the kinds mentioned in Part I of the Third Schedule having an aggregate value not less than—
- (i) **[thirty]** thirty-three per cent of the amount of the net liabilities referred to in subsection (1) (b), excluding such net liabilities in respect of long-term insurance business carried on with pension funds and retirement annuity funds; and

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- (ii) **[fifty]** fifty-three per cent of the amount of the said net liabilities in respect of long-term insurance business carried on with pension funds and retirement annuity funds, but subject to any exemption under section 18ter. 5

[(aA) The percentages of thirty and fifty referred to in subparagraphs (i) and (ii) of paragraph (a) shall be increased—

- (i) (aa) with effect from 30 September 1977, to thirty-three and fifty-three, respectively; 10

- (bb) with effect from 31 December 1977, to thirty-four and fifty-four, respectively; and

- (cc) with effect from 31 March 1978, to thirty-five and fifty-five, respectively; or

- (ii) with effect from any or each of the dates stated in subparagraph (i), with such lower percentages as the Minister may by notice 20 in the *Gazette* determine.]

- (b) The assets last mentioned in paragraph (a) shall, subject to the provisions of subsections (2A) and (3), include bills, bonds or securities issued by or loans to the Government of the Republic having an 25 aggregate value not less than—

- (i) fifteen and one-half per cent of the amount of the said net liabilities, excluding such net liabilities in respect of long-term insurance business carried on with pension funds and 30 retirement annuity funds; and

- (ii) twenty and one-half per cent of the amount of the said net liabilities in respect of long-term insurance business carried on with pension funds and retirement annuity funds, but sub- 35 ject to any exemption under section 18ter.

[(bA) The percentages of fifteen and twenty referred to in subparagraphs (i) and (ii) of paragraph (b) shall be increased—

- (i) (aa) with effect from 30 September 1977, to seventeen and twenty-two, respectively; 40

- (bb) with effect from 31 December 1977, to seventeen and one-quarter and twenty-two and one-quarter, respectively; and 45

- (cc) with effect from 31 March 1978, to seventeen and one-half and twenty-two and one-half, respectively; or

- (ii) with effect from any or each of the dates stated in subparagraph (i), with such lower 50 percentages as the Minister may by notice in the *Gazette* determine.]”;

- (b) by the substitution for subsection (5) of the following subsection:

“(5) (a) The assets required to be held in terms of 55 paragraph (b) of subsection (4) shall include assets of the kinds mentioned in Part I of the Third Schedule having an aggregate value not less than **[thirty]** thirty-three per cent of the aggregate value of the first-mentioned assets. 60

[(aA) The percentage of thirty referred to in paragraph (a) shall be increased—

- (i) (aa) with effect from 30 September 1977, to thirty-three;

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- (bb) with effect from 31 December 1977, to thirty-four; and
 (cc) with effect from 31 March 1978, to thirty-five; or
 (ii) with effect from any or each of the dates stated in subparagraph (i), with such lower percentage as the Minister may by notice in the *Gazette* determine.] 5
- (b)
 (c) The assets of the kinds mentioned in Part I of the 10
 Third Schedule and required to be held in terms of
 paragraph (a), shall include bills, bonds or securi-
 ties issued by or loans to the Government of the
 Republic having an aggregate value not less than
 fifteen and one-half per cent of the aggregate value 15
 of the assets required to be held in terms of
 paragraph (b) of subsection (4).
 [(cA) The percentage of fifteen referred to in
 paragraph (c) shall be increased—
 (i) (aa) with effect from 30 September 1977, to 20
 seventeen;
 (bb) with effect from 31 December 1977, to
 seventeen and one-quarter; and
 (cc) with effect from 31 March 1978, to 25
 seventeen and one-half; or
 (ii) with effect from any or each of the dates
 stated in subparagraph (i), with such lower
 percentage as the Minister may by notice in
 the *Gazette* determine.]"; and
 (c) by the substitution for subsection (6) of the following 30
 subsection:
 "(6) The provisions of subsections (4), (5) and (5A)
 [and (5B)] (except the provisions of subsection (4) as
 to the additional amounts referred to in paragraphs (a)
 and (b) of the said subsection (4)) shall *mutatis mutandis* 35
 apply to every domestic insurer in respect of his
 compulsory third party insurance business."

Amendment of
 section 18 of
 Act 27 of 1943,
 as substituted
 by section 13 of
 Act 10 of 1965
 and amended
 by section 5 of
 Act 41 of 1966,
 section 3 of
 Act 91 of 1972,
 section 7 of
 Act 101 of 1976,
 section 4 of
 Act 94 of 1977
 and section 3 of
 Act 80 of 1978.

5. Section 18 of the Insurance Act, 1943, is hereby amended—

- (a) by the substitution for subsection (2) of the following 40
 subsection:
 "(2) (a) The assets referred to in subsection (1) shall,
 subject to the provisions of subsection (3), include
 assets of the kinds mentioned in Part I of the Third
 Schedule having an aggregate value not less than—
 (i) [thirty] thirty-three per cent of the amount of 45
 the net liabilities referred to in subsection (1),
 excluding such net liabilities in respect of
 long-term insurance business carried on with
 pension funds and retirement annuity funds;
 and 50
 (ii) [fifty] fifty-three per cent of the amount of
 the said net liabilities in respect of long-term
 insurance business carried on with pension
 funds and retirement annuity funds, but sub-
 ject to any exemption under section 18ter. 55
 [(aA) The percentages of thirty and fifty referred
 to in subparagraphs (i) and (ii) of paragraph (a)
 shall be increased—
 (i) (aa) with effect from 30 September 1977, to
 thirty-three and fifty-three, respect- 60
 ively;

- (bb) with effect from 31 December 1977, to thirty-four and fifty-four, respectively; and
 - (cc) with effect from 31 March 1978, to thirty-five and fifty-five, respectively; or
 - (ii) with effect from any or each of the dates stated in subparagraph (i), with such lower percentages as the Minister may by notice in the *Gazette* determine.] 10
- (b) The assets last mentioned in paragraph (a) shall include bills, bonds or securities issued by or loans to the Government of the Republic having an aggregate value not less than—
 - (i) fifteen and one-half per cent of the amount of 15 the said net liabilities, excluding such net liabilities in respect of long-term insurance business carried on with pension funds and retirement annuity funds; and
 - (ii) twenty and one-half per cent of the amount of 20 the said net liabilities in respect of long-term insurance business carried on with pension funds and retirement annuity funds, but subject to any exemption under section 18ter.
- [(bA) The percentages of fifteen and twenty 25 referred to in subparagraphs (i) and (ii) of paragraph (b) shall be increased—
 - (i) (aa) with effect from 30 September 1977, to seventeen and twenty-two, respectively; 30
 - (bb) with effect from 31 December 1977, to seventeen and one-quarter and twenty-two and one-quarter, respectively; and
 - (cc) with effect from 31 March 1978, to seventeen and one-half and twenty-two 35 and one-half, respectively; or
 - (ii) with effect from any or each of the dates stated in subparagraph (i) with such lower percentages as the Minister may by notice in the *Gazette* determine.]; 40
- (b) by the substitution for subsection (5) of the following subsection:
 - “(5) (a) The assets required to be held in terms of subsection (4) shall include assets of the kinds mentioned in Part I of the Third Schedule having 45 an aggregate value not less than **[thirty]** ~~thirty-three~~ per cent of the aggregate value of the first-mentioned assets.
 - [(aA) The percentage of thirty referred to in paragraph (a) shall be increased— 50
 - (i) (aa) with effect from 30 September 1977, to thirty-three;
 - (bb) with effect from 31 December 1977, to thirty-four; and
 - (cc) with effect from 31 March 1978, to 55 thirty-five; or
 - (ii) with effect from any or each of the dates stated in subparagraph (i), with such lower percentage as the Minister may by notice in the *Gazette* determine.] 60
- (b)
- (c) The assets of the kinds mentioned in Part I of the Third Schedule and required to be held in terms of paragraph (a), shall include bills, bonds or securities issued by or loans to the Government of the 65 Republic having an aggregate value not less than

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fifteen and one-half per cent of the aggregate value of the assets required to be held in terms of subsection (4).

[(cA) The percentage of fifteen referred to in paragraph (c) shall be increased— 5

(i) (aa) with effect from 30 September 1977, to seventeen;

(bb) with effect from 31 December 1977, to seventeen and one-quarter; and

(cc) with effect from 31 March 1978, to 10 seventeen and one-half; or

(ii) with effect from any or each of the dates stated in subparagraph (i), with such lower percentage as the Minister may by notice in the *Gazette* determine.]; and 15

(c) by the substitution for subsection (6) of the following subsection:

“(6) The provisions of subsections (4), (5) and (5A)

[and (5B)] (except the provisions of subsection (4) as to the additional amount referred to in the said 20 subsection (4)) shall *mutatis mutandis* apply to every foreign insurer in respect of his compulsory third party insurance business.”.

Amendment of section 18bis of Act 27 of 1943, as inserted by section 14 of Act 10 of 1965, substituted by section 4 of Act 91 of 1972 and amended by section 8 of Act 101 of 1976 and section 5 of Act 94 of 1977.

6. Section 18bis of the Insurance Act, 1943, is hereby amended by the substitution for subsection (3) of the following subsection: 25

“(3) The registrar may, to the extent and subject to such conditions as he may determine, in exceptional circumstances permit an insurer to depart from any of the requirements of subsections [(2) (aA) and (bA) and (5) (aA) and (cA) of section 17, subsections (2) (aA) and (bA) and (5) (aA) and 30 (cA) of section 18 and] (1) and (2) [of this section].”.

Amendment of section 20bis of Act 27 of 1943, as inserted by section 17 of Act 10 of 1965 and amended by section 7 of Act 41 of 1966 and section 6 of Act 94 of 1977.

7. Section 20bis of the Insurance Act, 1943, is hereby amended by the substitution for subparagraph (i) of paragraph (a) of subsection (2) of the following subparagraph:

“(i) within [six] fourteen days of receipt thereof, transmit 35 the amount thereof to such insurer; or”.

Amendment of section 21 of Act 27 of 1943, as substituted by section 19 of Act 73 of 1951 and amended by section 13 of Act 79 of 1959, section 18 of Act 10 of 1965, section 1 of Act 75 of 1970 and section 9 of Act 101 of 1976.

8. Section 21 of the Insurance Act, 1943, is hereby amended by the substitution in paragraph (d) of subsection (1) for the expressions “Banking Act, 1942 (Act No. 38 of 1942)” and “Building Societies Act, 1934 (Act No. 62 of 1934)” of the 40 expressions “Banks Act, 1965 (Act No. 23 of 1965)” and “Building Societies Act, 1965 (Act No. 24 of 1965)”, respectively.

Insertion of sections 23B and 23C in Act 27 of 1943.

9. The following section is hereby inserted in the Insurance Act, 1943, after section 23A: 45

“Certain practices or methods of conducting business prohibited.

23B. (1) With the consent of the Minister the registrar may by notice in the *Gazette* declare a specified practice or method of conducting business an ‘irregular or undesirable practice’ or an ‘undesirable method of conducting business’ for a specified 50 category or specified categories of registered insurer or for a specified category or specified categories of person who renders services towards effecting, main-

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taining or servicing policies underwritten by a registered insurer or and underwriter at Lloyds, or for all such insurers or all such persons: Provided that the Minister shall not give his consent for such declaration unless—

- (a) the registrar has given notice in the *Gazette* of his intention to make such declaration at least thirty days before such consent is given and has invited in such notice all interested persons to make representations in writing to him within twenty-one days of such notice regarding the intended declaration; and
- (b) if such declaration applies to an insurer who is registered under this Act to carry on funeral, industrial, life or sinking fund business or to a person who renders services towards effecting, maintaining or servicing funeral, industrial, life or sinking fund policies underwritten by a registered insurer, the registrar has consulted the advisory committee appointed in terms of section 2A, about it.

(2) An insurer or person shall not, after the expiry of twenty-one days from the date of the said notice in the *Gazette*, employ such a practice or method of conducting business which by virtue of any such notice is irregular or undesirable for him.

(3) The registrar may in writing direct any insurer or person who before or after the date of any such notice employed such a practice or method of conducting business which by virtue of the said notice is irregular or undesirable for him, to rectify, as required by the registrar, anything specified by the registrar which in the opinion of the registrar was caused by or arose out of such employment.

(4) An insurer or person who has been so directed to rectify anything, shall do so within sixty days after being so directed or within such longer period as the registrar may approve."

Amendment of section 25 of Act 27 of 1943, as amended by section 22 of Act 73 of 1951 and section 8 of Act 39 of 1969.

10. Section 25 of the Insurance Act, 1943, is hereby amended by the substitution in subsection (1) for the words preceding paragraph (a) of the following words:

"(1) A proposed amalgamation of any business carried on by a domestic insurer with any business carried on by any other person (irrespective of whether that other person does or does not carry on insurance business) or a proposed transfer of any business from a domestic insurer to such other person or the proposed transfer of any business from such other person to a domestic insurer shall not be of any force or effect unless the amalgamation or transfer has been confirmed—"

Amendment of section 29bis of Act 27 of 1943, as inserted by section 23 of Act 10 of 1965.

11. Section 29bis of the Insurance Act, 1943, is hereby amended by the substitution for subsection (3) of the following subsection:

"(3) The provisions of [subsection (1) of section three and section five of the Motor Vehicle Insurance Act, 1942 (Act No. 29 of 1942)] sections 12 (1), 13 and 14 of the Compulsory Motor Vehicle Insurance Act, 1972 (Act No. 56 of 1972), shall not apply in respect of any registered insurer in respect of whom any prohibition under subsection (1) of this section is in force [and no insurer shall, by reason only of any such prohibition, be deemed for the purposes of subsection (3) of section two of the said Act, to be

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incompetent to carry on motor vehicle insurance business under that Act during the period during which the prohibition is in force].”.

Insertion of section 38B in Act 27 of 1943.

12. The following section is hereby inserted in the Insurance Act, 1943, after section 38A:

“Sections 38 and 38A not to apply to certain life policies. **38B.** Sections 38 and 38A shall not apply to any life policy under which—
(a) the lives of a group of persons are insured; and
(b) the insurer may—
(i) amend any of the policy's provisions; or
(ii) cancel the policy.”.

Amendment of section 2 of Act 24 of 1956, as amended by section 10 of Act 94 of 1977.

13. Section 2 of the Pension Funds Act, 1956, is hereby amended by the substitution in subsection (1) for the expression “Industrial Conciliation Act, 1937 (Act No. 36 of 1937)” of the expression “Industrial Conciliation Act, 1956 (Act No. 28 of 1956)”.

Amendment of section 19 of Act 24 of 1956, as amended by section 13 of Act 80 of 1959, section 9 of Act 58 of 1966, section 1 of Act 80 of 1969, section 2 of Act 23 of 1970, section 7 of Act 91 of 1972, section 23 of Act 101 of 1976, section 11 of Act 94 of 1977 and section 11 of Act 80 of 1978.

14. Section 19 of the Pension Funds Act, 1956, is hereby amended—

- (a) by the substitution in subsection (1) for the words preceding paragraph (a) of the following words: 20
“(1) A registered fund shall, subject to the provisions of subsections (6) and (7), hold in the Republic assets equal in value to at least **[fifty]** fifty-three per cent of the aggregate value of all the assets of the fund in one or more of the following classes of assets, namely—”; 25
- (b) by the substitution for the proviso to subsection (1) of the following proviso:
“Provided that a registered fund shall hold bills, bonds or securities issued by or loans to the Government of the Republic, in an amount of not less than twenty 30 and one-half per cent of the aggregate value of all the assets of the fund.”;
- (c) by the deletion of subsection (1A);
- (d) by the substitution in subsection (4) for the expression “Companies Act, 1926 (Act No. 46 of 1926)” of the 35 expression “Companies Act, 1973 (Act No. 61 of 1973)”;
- (e) by the addition to subsection (5) of the following paragraph:
“(d) For the purposes of this section ‘immovable 40 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).”; and
- (f) by the substitution for paragraph (a) of subsection (6) of 45 the following paragraph:
“(a) The Minister may exempt either wholly or in part any fund established or conducted by a religious institution from compliance with the provisions of subsections (1) and (7), and may, under exceptional 50 circumstances, and on such conditions and for such periods as he may determine, temporarily exempt any fund from compliance with any provision of subsection (1), (4), (5), (5B) (a) or (7).”.

Amendment of section 28 of Act 24 of 1956.

15. Section 28 of the Pension Funds Act, 1956, is hereby 55 amended by the substitution for subsection (13) of the following subsection:

“(13) The provisions of **[sections one hundred and seventy-five to one hundred and seventy-eight, inclusive, one hundred and eighty to one hundred and eighty-two, 60 inclusive, one hundred and eighty-four to one hundred and eighty-six, inclusive, one hundred and eighty-eight, one hundred and ninety and one hundred and ninety-one of the Companies Act, 1926]** the Companies Act, 1973 (Act No. 61 of 1973), shall apply *mutatis mutandis* to the 65 dissolution of a fund in terms of this section, in so far as the said **[sections]** provisions relate to a voluntary winding-up

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in terms of the said Act, and in so far as the said provisions are applicable and not inconsistent with any provisions of this Act.”.

Amendment of
section 29 of
Act 24 of 1956.

16. Section 29 of the Pension Funds Act, 1956, is hereby amended—

(a) by the substitution for subsection (4) of the following subsection:

“(4) The provisions of [sections one hundred and seven to one hundred and fifty-nine bis, inclusive, and one hundred and seventy-seven to one hundred and ninety-four, inclusive, of the Companies Act, 1926] the Companies Act, 1973 (Act No. 61 of 1973), shall apply *mutatis mutandis* to a winding-up under this section, in so far as the said provisions refer to a winding-up by the court in terms of the said Act, and in so far as the said provisions are applicable and not inconsistent with any provision of this Act or with any directions issued by the court under this section.”; and

(b) by the substitution in subsection (5) for the expression “Companies Act, 1926” of the expression “Companies 20 Act, 1973”.

Amendment of
section 30 of
Act 24 of 1956.

17. Section 30 of the Pension Funds Act, 1956, is hereby amended by the substitution in subsection (1) for the expression “Companies Act, 1926” of the expression “Companies Act, 1973 (Act No. 61 of 1973)”.

Amendment of
section 36 of
Act 24 of 1956.

18. (1) Section 36 of the Pension Funds Act, 1956, is hereby amended by the substitution for the words preceding paragraph (a) of the following words:

“36. The [Governor-General] Minister may make regulations, not inconsistent with the provisions of this 30 Act—”.

(2) Any regulation made under section 36 of the Pension Funds Act, 1956, before the amendment of that section by subsection (1) of this section shall be deemed to have been made under that section as so amended.

Amendment of
section 2 of
Act 25 of 1956,
as amended
by section 31 of
Act 43 of 1975.

19. Section 2 of the Friendly Societies Act, 1956, is hereby amended by the substitution in paragraph (g) of subsection (1) for the expression “Industrial Conciliation Act, 1937 (Act No. 36 of 1937)” of the expression “Industrial Conciliation Act, 1956 (Act No. 28 of 1956)”.

Amendment of
section 3 of
Act 25 of 1956.

20. Section 3 of the Friendly Societies Act, 1956, is hereby amended by the substitution in subsection (1) for the expression “Industrial Conciliation Act, 1937 (Act No. 36 of 1937)” of the expression “Industrial Conciliation Act, 1956 (Act No. 28 of 1956)”.

Amendment of
section 6 of
Act 25 of 1956.

21. Section 6 of the Friendly Societies Act, 1956, is hereby amended by the substitution in subsection (3) for the expression “subsections (2), (3) and (4) of section thirty-three of the Banking Act, 1942 (Act No. 38 of 1942)” of the expression “subsections (2), (3) and (4) of section 30 of the Banks Act, 1965 (Act No. 23 of 1965)”.

Amendment of
section 34 of
Act 25 of 1956.

22. Section 34 of the Friendly Societies Act, 1956, is hereby amended by the substitution for subsection (5) of the following subsection:

“(5) The provisions of [sections one hundred and ninety-five to one hundred and ninety-eight, inclusive, of the Companies Act, 1926 (Act No. 46 of 1926)] the Companies Act, 1973 (Act No. 61 of 1973), shall apply *mutatis mutandis* in connection with the judicial management of a society under this [Act] section, [except] in so far 60 as those provisions relate to a judicial management in terms of the said Act, and in so far as the said provisions are

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applicable and **[are]** not inconsistent with any provision of this Act or with any direction issued by the court under this section.”.

Amendment of
section 35 of
Act 25 of 1956.

23. Section 35 of the Friendly Societies Act, 1956, is hereby amended—

- (a) by the substitution for subsection (2) of the following subsection:
- “(2) The provisions of **[sections one hundred and seven to one hundred and fifty-nine bis, inclusive, and sections one hundred and seventy-seven to one hundred and ninety-four, inclusive, of the Companies Act, 1926,]** the Companies Act, 1973 (Act No. 61 of 1973), shall apply *mutatis mutandis* to a winding-up under this section in so far as the said provisions refer to a winding-up by the court in terms of the said Act, and in so far as the said provisions are applicable and not inconsistent with any provision of this Act or with any direction issued by the court under this section.”; and
- (b) by the substitution in subsection (3) for the expression “Companies Act, 1926” of the expression “Companies Act, 1973”.

Amendment of
section 37 of
Act 25 of 1956.

24. Section 37 of the Friendly Societies Act, 1956, is hereby amended by the substitution for subsection (13) of the following subsection:

“(13) The provisions of **[sections one hundred and seventy-five to one hundred and seventy-eight, inclusive, one hundred and eighty to one hundred and eighty-two, inclusive, one hundred and eighty-four to one hundred and eighty-six, inclusive, one hundred and eighty-eight, one hundred and ninety and one hundred and ninety-one of the Companies Act, 1926,]** the Companies Act, 1973 (Act No. 61 of 1973), in so far as the said **[sections]** provisions relate to a voluntary winding-up in terms of the said Act, and in so far as they are applicable and not inconsistent with **[the provisions]** any provision of this Act, shall apply *mutatis mutandis* to the dissolution of a society in terms of this section.”.

Amendment of
section 38 of
Act 25 of 1956.

25. Section 38 of the Friendly Societies Act, 1956, is hereby amended by the substitution in subsection (1) for the expression “Companies Act, 1926” of the expression “Companies Act, 1973 (Act No. 61 of 1973)”.

Amendment of
section 47 of
Act 25 of 1956.

26. (1) Section 47 of the Friendly Societies Act, 1956, is hereby amended by the substitution for the words preceding paragraph (a) of the following words:

“47. The **[Governor-General]** Minister may make regulations, not inconsistent with the provisions of this Act—”.

(2) Any regulation made under section 47 of the Friendly Societies Act, 1956, before the amendment of that section by subsection (1) of this section shall be deemed to have been made under that section as so amended.

Amendment of
section 1 of
Act 23 of 1965,
as amended
by section 12 of
Act 91 of 1972,
section 37 of
Act 101 of 1976
and section 18 of
Act 80 of 1978.

27. Section 1 of the Banks Act, 1965, is hereby amended—

- (a) by the substitution in subsection (1) for the definition of “banking institution” or “institution” of the following definition:
- “‘banking institution’ or ‘institution’ means a commercial bank or a discount house or a general bank **[or a hire-purchase bank]** or a merchant bank **[or a savings bank]**;”;
- (b) by the substitution in subsection (1) for the definition of “general bank” of the following definition:

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“‘general bank’ means a person who carries on the business of accepting deposits, but does not include a commercial bank [or a hire-purchase bank] or a merchant bank [or a savings bank];”;

- (c) by the deletion in subsection (1) of the definitions of “hire-purchase bank” and “savings bank”.

Amendment of section 12A of Act 23 of 1965, as inserted by section 42 of Act 101 of 1976.

28. Section 12A of the Banks Act, 1965, is hereby amended by the deletion of paragraph (h) of subsection (7).

Amendment of section 14 of Act 23 of 1965, as amended by section 3 of Act 23 of 1970 and section 44 of Act 101 of 1976.

29. Section 14 of the Banks Act, 1965, is hereby amended—

- (a) by the substitution for subsection (1) of the following 10 subsection:

“(1) A banking institution (other than a discount house) shall [subject to the provisions of subsections (3) and (4)] maintain in the Republic a paid-up share capital and unimpaired reserve funds together amounting 15 to not less than—

(a) two hundred thousand rand; or

(b) six per cent of the amount of its liabilities to the public in the Republic, [other than liabilities under acceptances, plus ten per cent of the latter 20 liabilities] as shown in the last preceding quarterly statement furnished to the Registrar in terms of paragraph (b) of subsection (1) of section 13, whichever is the greater: Provided that for the purposes 25 of the application of this subsection—

(i) a banking institution may deduct from its aforesaid liabilities [other than liabilities under acceptances] an amount equal to the amount of liquid assets it holds in excess of the amount required by this Act; and 30

(ii) a commercial bank may deduct from its aforesaid liabilities [other than liabilities under acceptances], in addition to the amount referred to in paragraph (i), an amount equal to fifty per cent of the remittances in transit.”; and 35

- (b) by the deletion of subsections (3) and (4).

Amendment of section 18 of Act 23 of 1965, as substituted by section 15 of Act 91 of 1972 and amended by section 17 of Act 94 of 1977.

30. Section 18 of the Banks Act, 1965, is hereby amended—

- (a) by the substitution for subsection (1) of the following subsection:

“(1) A banking institution (other than a discount house) shall maintain in the Republic prescribed investments of an amount not less than [fifteen] thirteen per cent of its long-term liabilities to the public in the Republic, as shown in the last preceding monthly return furnished by it to the Registrar in terms of paragraph (a) 45 of subsection (1) of section 13: Provided that of such prescribed investments an amount equal to not less than [eight] six and a half per cent of the said long-term liabilities, shall consist of securities issued by the Government of the Republic and which rank as a 50 prescribed investment.”; and

- (b) by the substitution for subsection (2) of the following subsection:

“(2) The Minister may from time to time by notice in the Gazette alter the percentages mentioned in subsection (1).” 55

Amendment of section 21A of Act 23 of 1965, as inserted by section 47 of Act 101 of 1976 and amended by section 18 of Act 94 of 1977.

31. Section 21A of the Banks Act, 1965, is hereby amended by the substitution in subsection (1) for the words preceding the proviso of the following words:

“The total amount of a banking institution’s investment in 60 fixed property, in loans and advances to subsidiaries of the banking institution of which the main object is the holding of fixed property and in shares (excluding building society

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shares and redeemable preference shares but not preference shares which can be converted into ordinary shares), including shares in subsidiary companies of the banking institution, shall not, except with the written approval of the Minister and on such conditions as he may determine, exceed 5 the banking institution's paid-up capital and unimpaired reserves:".

Amendment of section 22 of Act 24 of 1965, as amended by section 5 of Act 64 of 1968, section 1 of Act 91 of 1969 and section 24 of Act 80 of 1978.

32. Section 22 of the Building Societies Act, 1965, is hereby amended—

(a) by the substitution for paragraph (b) of subsection (1) of 10 the following paragraph:

“(b) (i) to buy in immovable property mortgaged to the society, and to erect on such property that is vacant land dwelling houses, with or without the outbuildings incidental thereto; or 15
(ii) to acquire leases of or licences to land ceded to the society in security for debt;” and

(b) by the addition in subsection (1) of the following subparagraph to paragraph (mB):

“(v) the erection of buildings for residential purposes on 20 land bought in under paragraph (b) by a society holding shares in it:”.

Amendment of section 26 of Act 24 of 1965, as amended by section 6 of Act 64 of 1968, section 7 of Act 23 of 1970, section 18 of Act 91 of 1972, section 6 of Act 67 of 1973 and section 25 of Act 80 of 1978.

33. Section 26 of the Building Societies Act, 1965, is hereby amended by the substitution in subsection (4) for the words preceding paragraph (a) of the following words: 25

“(4) A society shall not allow any one person to maintain with it a credit balance on savings account (excluding any balance on an account under the State-Aided Home-Ownership Savings Scheme mentioned in section 10 (i) (xiiA) of the Income Tax Act, 1962 (Act No. 58 of 1962)) in 30 excess of—”.

Short title.

34. This Act shall be called the Financial Institutions Amendment Act, 1979.