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KANTOOR VAN DIE EERSTE MINISTER

OFFICE OF THE PRIME MINISTER

No. 1123.

9 Junie 1982.

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

No. 82 van 1982: Wysigingswet op Finansiële Instellings, 1982.

No. 1123.

9 June 1982.

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

No. 82 of 1982: Financial Institutions Amendment Act, 1982.

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GENERAL EXPLANATORY NOTE:

- []** 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 make further provision regarding the assets to be held by an insurer; to amend the Stock Exchanges Control Act, 1947, so as to reduce the minimum number of members of which a stock exchange shall consist; to grant legal personality to a licensed stock exchange; to amend the rules of a stock exchange regarding the buying and selling of listed securities by stock-brokers; and to delete certain provisions which have lapsed; to amend the Pension Funds Act, 1956, so as to make further provision regarding the assets to be held by a registered fund; to amend the Inspection of Financial Institutions Act, 1962, so as to alter a reference in the definition of "registrar"; to amend the Banks Act, 1965, so as to further define the expression "liquid assets"; and to further regulate the holding of certain prescribed investments; to amend the Building Societies Act, 1965, so as to further define the expression "liquid assets"; and to further regulate the holding of certain prescribed investments; and to provide for matters connected therewith.

(Afrikaans text signed by the State President.)
(Assented to 1 June 1982.)

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

1. Section 17 of the Insurance Act, 1943, is hereby amended—
 - (a) by the substitution in paragraph (b) of subsection (2) for the words preceding subparagraph (i) of the following words:

“The assets last mentioned in paragraph (a) shall, subject to the provisions of subsections (2A) and (3), include bills, bonds or securities issued or loans entered into in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), and such other bills, bonds or securities issued by or loans to the Government of the Republic as were held by the domestic insurer on the date of commencement of the Financial Institutions Amendment Act, 1982, having an aggregate value not less than—”; and
 - (b) by the substitution for paragraph (c) of subsection (5) of the following paragraph:

“(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 or loans entered into in terms of the Ex-

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, section 2 of Act 80 of 1978, section 4 of Act 103 of 1979 and section 2 of Act 36 of 1981.

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5 chequer and Audit Act, 1975 (Act No. 66 of 1975),
and such other bills, bonds or securities issued by
or loans to the Government of the Republic as
were held by the domestic insurer on the date of
commencement of the Financial Institutions
Amendment Act, 1982, having an aggregate value
not less than fifteen and one-half per cent of the
aggregate value of the assets required to be held in
terms of paragraph (b) of subsection (4).".

10 2. Section 18 of the Insurance Act, 1943, is hereby amended—
 (a) by the substitution in paragraph (b) of subsection (2)
 for the words preceding subparagraph (i) of the follow-
 ing words:

15 "The assets last mentioned in paragraph (a)
 shall include bills, bonds or securities issued or
loans entered into in terms of section 19 of the Ex-
chequer and Audit Act, 1975 (Act No. 66 of 1975),
and such other bills, bonds or securities issued by
or loans to the Government of the Republic as
 20 were held by the foreign insurer on the date of
commencement of the Financial Institutions
Amendment Act, 1982, having an aggregate value
not less than—"; and

(b) by the substitution for paragraph (c) of subsection (5)
 25 of the following paragraph:

"(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 securi-
ties issued or loans entered into in terms of section
 30 19 of the Exchequer and Audit Act, 1975 (Act No.
66 of 1975), and such other bills, bonds or securi-
ties issued by or loans to the Government of the
Republic as were held by the foreign insurer on
the date of commencement of the Financial Insti-
 35 tutions Amendment Act, 1982, having an aggre-
gate value not less than fifteen and one-half per
cent of the aggregate value of the assets required
to be held in terms of subsection (4).".

3. Section 3 of the Stock Exchanges Control Act, 1947, is
 40 hereby amended by the substitution in subsection (1) for the
 word "forty" of the word "thirty".

Amendment of
 section 3 of
 Act 7 of 1947,
 as substituted by
 section 5 of
 Act 86 of 1971.

4. Section 4 of the Stock Exchanges Control Act, 1947, is
 hereby amended by the substitution in paragraph (b) of subsec-
 tion (1) for the word "forty" of the word "thirty".

Amendment of
 section 4 of
 Act 7 of 1947,
 as substituted by
 section 6 of
 Act 86 of 1971.

45 5. Section 6 of the Stock Exchanges Control Act, 1947, is
 hereby amended by the substitution in paragraph (a) of subsec-
 tion (1) for the word "forty" of the word "thirty".

Amendment of
 section 6 of
 Act 7 of 1947,
 as substituted by
 section 8 of
 Act 86 of 1971.

6. (1) The following section is hereby inserted in the Stock Ex-
 changes Control Act, 1947, after section 6:

Insertion of
 section 7 in
 Act 7 of 1947.

50 "Licensed stock ex-
 change shall
 be a corpor-
 ate body. 7. (1) A stock exchange shall as from the date on
 which it is licensed, be a corporate body capable of
 suing and being sued in the name in which it is li-
 censed, and of acquiring, owning, hiring, letting and

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alienating property and, subject to the provisions of this Act, of doing all such things as may be necessary for or incidental to the exercise of its powers or the performance of its functions in terms of its rules.

5 (2) A licensed stock exchange which at the commencement of the Financial Institutions Amendment Act, 1982 (hereinafter in this section referred to as the effective date), is not a corporate body, shall with effect from the effective date be deemed to be a corporate body.

10 (3) When an association of persons, being a licensed stock exchange, becomes a corporate body in terms of subsection (2)—

15 (a) any committee which managed the affairs of such association shall become a committee of such corporate body and shall manage the affairs of the corporate body;

20 (b) the rules and regulations of the association and any directives and decisions of its committee in force immediately prior to the effective date shall be binding upon the members of the corporate body, its committee and any other person to whom such rules, regulations, directives or decisions applied immediately prior to the effective date;

25 (c) all the securities, cash, other assets, rights, liabilities and obligations of the association and its members in their capacity as such (including any assets held in trust for the association or its members in their capacity as such by any person) shall become the securities, cash assets, rights, liabilities and obligations of the corporate body without the payment of any duty or fee;

30 (d) all agreements and transactions entered into, and documents made, drawn up or executed by, with or in favour of the association and in force immediately prior to the effective date, shall as from such date be deemed to have been entered into, made, drawn up or executed, as the case may be, by, with or in favour of the corporate body;

35 (e) every Registrar of Deeds in whose deeds registry property or other rights are registered in the name of or in favour of any person or persons on behalf of the association or its members as such, shall on production to him of—

40 (i) the title deed or other deed or document in question; and

45 (ii) the current licence issued in terms of the provisions of section 5,

50 on such title deed or other deed or document and in his records make such endorsements and entries as may be necessary, as a result of the said association's becoming a corporate body, to effect or record the transfer of the said property or other rights to the corporate body.

55 (4) Except in so far as this section provides otherwise, the incorporation of an association of persons in terms of subsection (2) shall not derogate from the rights of any creditor or the liability of any debtor of such association.

60 (5) If a stock exchange ceases to be a licensed stock exchange it shall be wound up in terms of its rules.”.

65 (2) The provisions of subsection (1) shall come into operation on a date fixed by the State President by proclamation in the *Gazette*.

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7. Section 8 of the Stock Exchanges Control Act, 1947, is hereby amended—

Amendment of section 8 of Act 7 of 1947, as substituted by section 10 of Act 86 of 1971 and amended by section 8 of Act 80 of 1978.

(a) by the substitution in paragraph (d) of subsection (1) for the words preceding subparagraph (i) of the following words:

5 “that a member who is a stock-broker does not directly, on his own account, or on behalf of a company in which he has an interest, or for the purposes of any arrangement to which he is a party, buy or sell listed securities other than listed bills, bonds and debentures and the securities referred to in section 2 (1) (c), except—”; and

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

15 “(i) that every member who is a stock-broker provides sureties or security to the satisfaction of the committee of the stock exchange, in an amount of not less than eight thousand rand, for the discharge, during the first three years in which he is entitled to carry on business as a stock-broker **[or, in the case of a person who is so entitled at the commencement of the Stock Exchanges Control Amendment Act, 1971, during such portion of that period as has not expired at such commencement],** after he has been excused, of his liabilities arising out of trans-
20 actions entered into by him in respect of securities.”

8. Section 8A of the Stock Exchanges Control Act, 1947, is hereby amended by the substitution for subsection (1) of the following subsection:

Amendment of section 8A of Act 7 of 1947, as substituted by section 11 of Act 86 of 1971.

30 “(1) **[As from the commencement of the Stock Exchanges Control Amendment Act, 1971, a]** A corporate body shall not be capable of becoming a member **[, and, as from the 1st July, 1978, no such body shall remain a member,]** of any
35 licensed stock exchange, unless it is a corporate body which is a private company having a share capital, incorporated and registered under the Companies Act, 1973 (Act No. 61 of 1973), and whose memorandum of association states that its directors and former directors shall be liable, jointly and
40 severally, together with the company, for such debts and liabilities of the company as are or were contracted during their periods of office.”

9. The following section is hereby substituted for section 8B of the Stock Exchanges Control Act, 1947:

Substitution of section 8B of Act 7 of 1947, as inserted by section 12 of Act 86 of 1971.

45 “Stock exchange membership of natural persons. **8B.** No natural person who is not a South African citizen shall become a member of a licensed stock exchange **[, and as from the 1st January, 1975, no natural person who is not a South African citizen shall continue to be such a member].**”

50 10. Section 8C of the Stock Exchanges Control Act, 1947, is hereby amended by the deletion of paragraphs (c), (d) and (e).

Amendment of section 8C of Act 7 of 1947, as inserted by section 12 of Act 86 of 1971.

11. Section 16 of the Stock Exchanges Control Act, 1947, is hereby amended by the substitution for paragraph (a) of subsection (2) of the following paragraph:

Amendment of section 16 of Act 7 of 1947, as substituted by section 21 of Act 86 of 1971.

55 “(a) if, in the case of the issue or renewal of any such licence under this Act, **[or of the first renewal thereunder of such a licence held at the commencement of the Stock Exchanges Control Amendment Act, 1971,]** such person has not deposited with the Treasury a sum of not less than twenty thousand rand **[, or, in the case of any other renewal, such person has not kept deposited with**

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5 the Treasury as from the date of such issue or first renewal, as the case may be], until he has held the licence for three years [the said sum,] and thereafter a sum of not less than twelve thousand rand, in cash or in securities approved by the Registrar, or in cash and in such securities, to be made available in the prescribed manner, after he has been excused, for the discharge of any liability of such person arising out of any transaction entered into by him in respect of securities; or”.

10 12. Section 21C of the Stock Exchanges Control Act, 1947, is hereby amended by the substitution for subsection (3) of the following subsection:

Amendment of section 21C of Act 7 of 1947, as inserted by section 1 of Act 67 of 1973.

15 “(3) Every stock-broker and carrier against shares shall within thirty days [—
 (a) of the date of commencement of this section, if prior to such date he appointed an auditor as contemplated in subsection (1); or
 (b)] of the date of appointment of an auditor under this section,
 20 [as the case may be,] apply to the Registrar for his approval of [the] such appointment [in question].”.

13. Section 27 of the Stock Exchanges Control Act, 1947, is hereby amended by the substitution for subsection (3) of the following subsection:

Amendment of section 27 of Act 7 of 1947, as substituted by section 40 of Act 86 of 1971.

25 “(3) Any regulation made under subsection (1) (c) shall commence on a date fixed by the Minister [and which shall be a date not earlier than two years after the commencement of the Stock Exchanges Control Amendment Act, 1971].”.

14. Section 19 of the Pension Funds Act, 1956, is hereby amended by the substitution for the proviso to subsection (1) of the following proviso:

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, section 11 of Act 80 of 1978, section 14 of Act 103 of 1979 and section 39 of Act 99 of 1980.

30 “Provided that a registered fund shall hold bills, bonds or securities issued or loans entered into in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), together with such other bills, bonds or securities issued by or loans to the Government of the Republic as were held by the fund on the date of commencement of the Financial Institutions Amendment Act, 1982, in an amount of not less than twenty and one-half per cent of the aggregate value of all the assets of the fund.”.

15. Section 1 of the Inspection of Financial Institutions Act, 1962, is hereby amended by the substitution in the definition of “registrar” for paragraph (a) of the following paragraph:

Amendment of section 1 of Act 68 of 1962, as amended by section 33 of Act 43 of 1975, section 32 of Act 101 of 1976 and section 15 of Act 94 of 1977.

45 “(a) the Building Societies Act, [1934 (Act No. 62 of 1934)] 1965 (Act No. 24 of 1965), means the registrar of building societies appointed under section [two] three of that Act;”.

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

Amendment of section 1 of Act 23 of 1965, as amended by section 12 of Act 91 of 1972,

50 (a) by the insertion in subsection (1) after paragraph (f) of the definition of “liquid assets” of the following paragraph:

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- “(fA) stocks issued in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), with a maturity, to the latest redemption date, of not more than three years;”; and
- 5 (b) by the substitution in subsection (1) for paragraph (g) of the definition of “liquid assets” of the following paragraph:
- 10 “(g) other stocks of the Government [with] held by the banking institution on the date of commencement of the Financial Institutions Amendment Act, 1982, and which on that date had a maturity, to the latest redemption date, of not more than three years;”.
17. Section 18 of the Banks Act, 1965, is hereby amended by the substitution for the proviso to subsection (1) of the following proviso:
- 20 “Provided that of such prescribed investments an amount equal to not less than six and a half per cent of the said long-term liabilities shall consist of securities issued in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), and which rank as a prescribed investment, or such other securities issued by the Government of the Republic as were held by the banking institution on the date of commencement of the Financial Institutions Amendment Act, 1982, and which rank as a prescribed investment.”.
- 25
18. Section 1 of the Building Societies Act, 1965, is hereby amended—
- 30 (a) by the insertion after paragraph (e) of the definition of “liquid assets” of the following paragraph:
- “(eA) stocks issued in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), with a maturity, to the latest redemption date, of not more than three years;”; and
- 35 (b) by the substitution for paragraph (f) of the definition of “liquid assets” of the following paragraph:
- “(f) other stocks of the Government [with] which the society held on the date of commencement of the Financial Institutions Amendment Act, 1982, and which on that date had a maturity, to the latest redemption date, of not more than three years;”.
- 40
19. Section 32 of the Building Societies Act, 1965, is hereby amended by the substitution for the first proviso to subsection (1) of the following proviso:
- 45 “Provided that of such prescribed investments an amount at least equal to the percentage of the said liabilities which the Minister may from time to time prescribe by notice in the *Gazette*, subject to such conditions as he may determine, shall consist, whether wholly as, or in accordance with the ratio, determined by the Minister, of securities issued in terms of section 19 of the Exchequer and Audit Act, 1975 (Act No. 66 of 1975), which do not rank as liquid assets, or such other securities issued by the Government of the Republic as the Minister may determine and which do
- 50 not rank as liquid assets, or of stocks of, or loans to, a local authority in the Republic, or of debentures, bonds or securities issued by a public corporation in the Republic.”.
- 55
20. This Act shall be called the Financial Institutions Amendment Act, 1982.

section 37 of Act 101 of 1976, section 18 of Act 80 of 1978, section 27 of Act 103 of 1979 and section 45 of Act 99 of 1980.

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 and section 30 of Act 103 of 1979.

Amendment of section 1 of Act 24 of 1965, as amended by section 1 of Act 64 of 1968, section 5 of Act 67 of 1973, section 54 of Act 101 of 1976, section 22 of Act 80 of 1978 and section 50 of Act 99 of 1980.

Amendment of section 32 of Act 24 of 1965, as amended by section 19 of Act 91 of 1972 and section 22 of Act 94 of 1977.

Short title.