



EXPLANATORY MEMORANDUM

APPOINTMENT OF A MEMBER OF THE BOARD OF FUND IN TERMS OF SECTION 7A OF THE PENSION FUNDS ACT, 1956

1. The Financial Services Laws General Amendment Act, 2013, Act No. 45 of 2013 (“the Act”) has amended various clauses of the Pension Funds Act, No 24 of 1956 (“the PFA”), amongst others, section 7A(1).
2. Section 7A(1) of the PFA, as amended, provides that:
 - “(1) Notwithstanding the rules of a fund, every fund shall have a board consisting of at least four board members, at least 50% of whom the members of the fund shall have the right to elect
 - (1A) The composition of the board shall at all times comply with the requirements of the rules of the fund and any vacancy on such board shall be filled within such period as prescribed.”
3. The draft Notice attached hereto is aimed at ensuring that section 7(1A) is implemented in the most practical and effective way. Therefore the proposal is that, if a person’s membership of a fund’s board ends as a result of-
 - 3.1. his or her resignation from office;
 - 3.2. his or her removal from office, whether by the registrar, the board of the fund or any other person with the power to remove the person from office in terms of the rules; or
 - 3.3. the expiry of his or her term of office,the vacancy that arises as a result must be filled in the manner as directed by its rules within a maximum period of 90 days after the date on which it became vacant.
4. The 90 day period must not be applied as a norm, but funds must replace a member of the board within a reasonable period (not longer than 90 days) to ensure that the efficient and effective governance of the fund is not impaired.

5. You are invited to submit any comments, queries and/or proposals in relation to the draft notice by e-mail to Alta.Marais@fsb.co.za on or before close of business on 18 May 2015.

Yours faithfully

ROSEMARY HUNTER
DEPUTY EXECUTIVE OFFICER: RETIREMENT FUNDS

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