



South African Reserve Bank

Financial Surveillance Department

2014-02-27

**Exchange Control Circular No. 14/2014**

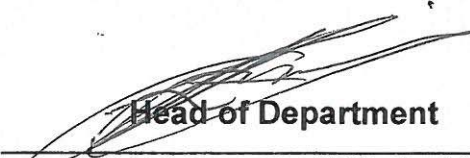
**Foreign member funds**

Authorised Dealers are advised that in line with Government's objective to promote foreign diversification through domestic channels, National Treasury has introduced foreign member funds, which are collective investment schemes and alternative investment funds such as private equity funds, venture capital funds and hedge funds, who will be allowed to offer foreign exposure to their underlying investors.

These foreign member funds will not be subject to the macro-prudential limit on the amount that may be invested offshore.

South African private individuals and institutional investors will be allowed to invest in these foreign member funds subject to their respective foreign capital allowance and macro-prudential limits. Non-residents may also invest in these funds without any restrictions.

Only foreign member funds domiciled, managed and who are tax compliant in South Africa qualify for this dispensation. These funds must be registered with both the Financial Services Board and the Financial Surveillance Department and must comply with the respective prudential regulations as administered by the aforementioned Regulators.

  
**Head of Department**