

Draft Amendments to the Pension Funds Act 24 of 1956: The Highlights

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On Friday, 26 February 2021, the National Treasury released a Media Statement regarding the publication of the draft amendments ("**Draft Amendments**") to Regulation 28 of the Pension Funds Act Regulations, 1962 (as amended) ("**Regulations**"), published under the Pension Funds Act 24 of 1956 ("**Act**").

Regulation 28 of the Regulations requires asset managers to, *inter alia*, make (i) sustainable, (ii) responsible and (iii) transparent investments when dealing with Funds (defined in section 1 of the Act) ("**Objectives**"). In order to achieve the Objectives and to ensure that asset portfolios are appropriately diversified, asset managers are required to spread assets across a number of different asset classes (which classes are listed in table 1 under Regulation 28 of the Regulations).

The Draft Amendments seek to, *inter alia*, encourage asset managers to increase investments in infrastructure projects (and to bridge the existing infrastructure gap) by:

- including specific definitions for 'infrastructure' and 'hedge fund';
- segregating 'hedge funds', 'private equity' and 'any other assets not listed in this schedule' ("**New Asset Classes**"); and
- allocating specific limits for each of the New Asset Classes.

Under the Draft Amendments, a separate 'infrastructure' asset class has not been created. Instead, references to 'infrastructure' have been included in, *inter alia*, new Regulation 28(2)(c)(x) as a principle with which Funds are required to comply when making investment decisions.

Comments on the Draft Amendments are required to be submitted to Mr Basil Maseko at the National Treasury at retirement.reform@treasury.gov.za by no later than 29 March 2021.



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