



MINISTRY OF FINANCE

REPUBLIC OF SOUTH AFRICA

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MEDIA STATEMENT: THREAT OF LITIGATION BY FEDBOND AGAINST THE FINANCIAL SERVICES BOARD (“FSB”)

The Deputy Minister of Finance, Mr Jabu Moleketi today expressed serious concern about the threat by participation-bond scheme, Fedbond, to sue the FSB unless the regulator abandons its Supreme Court of Appeal application to place Fedbond under curatorship.

Such a threat goes against the basic principles of financial regulation. All financial service providers, including a collective investment scheme such as Fedbond, operate under a licence that is conditional on the provider meeting certain requirements as set out in legislation. This is critical to ensuring that investors can place their ongoing trust in the integrity of the South African financial sector.

Any financial service provider that is deemed not to have met these standards of trustworthiness cannot be allowed to manage the public’s money. If in the regulator’s view the prescribed norms have not been adhered to, then it is the regulator’s statutory responsibility to protect the interests of investors. Any notion that a financial services provider can sue the regulator under these circumstances is fundamentally flawed.

The Deputy Minister has no reason to believe that the FSB has not acted at all times solely in the interests of investors in this matter and regards the threat by Fedbond as irresponsible and undermining of the regulatory function of the FSB.

Issued by: the Ministry of Finance
15 March 2006

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