From	Clause	Comment	Response
JSE	General	We are fully supportive of the proposed amendments which will enable informed investment in infrastructure, to support and encourage economic growth. We are equally supportive of the proposed amendments that provide for a separate asset class and a specific limit for private equity. The JSE applauds the inclusion of the requirement that retirement funds to consider any factors which may materially affect the sustainable long-term performance of an asset before making an investment in and while invested in an asset.	Noted
Towers Watson	General	We are pleased to note that the proposals will maintain the important principle that the board of trustees of a retirement fund has the authority to decide whether any particular asset should be included in the fund's investment strategy, i.e. there is no "prescribed assets" requirement	Noted
Towers Watson	General	Our expectation is that the main opportunities for funds to invest in infrastructure will continue to be in the unlisted space (debt and equity). As such, we are supportive of an increase in the limit for exposure to private equity funds (but see next comment), but confused by the fact that the proposed limits for investments in infrastructure are in some cases lower than for other investments in the unlisted debt categories, and that there is no limit included in the "shares not listed on an exchange" category.	Noted (see comment below) Limit for Table 1 paragraph 3.1(b) was added for infrastructure. See amended Table 1
Towers Watson	General	We question whether the limits suggested for the listed debt and equity categories will be that relevant, given the current lack of listed entities that would qualify as being an investment in infrastructure.	Noted however some relevance for listed instruments & to cater for listed instruments in infrastructure in future
Towers Watson	General	a) The proposed increase in the private equity limit to 15% of assets is the one aspect of the proposals that could make a meaningful difference to the ability of retirement funds to invest in infrastructure. We would however argue for a higher limit than this, as well as a change to the provisions of Regulation 28, to avoid the problem that funds are generally forced to "under allocate" to the private equity asset class to avoid the risk of a future breach of the limit, given the liquidity restrictions that generally apply to such investments. b) There are many categories in Table 1 where the introduction of a new limit for investments in infrastructure is at a lower level than the existing limit. It must be recognized that the effect of this is actually to reduce (not increase) the extent to which any retirement fund can invest in infrastructure. In general, we believe that this is unlikely to be a problem given that the limits are still generally on	Limit was already revised upward from 10% to 15% See revised Table 1

		the high side. We are however aware of one important exception, and there may well be other cases of which we are not aware. It would clearly be an undesirable outcome if the changes to Regulation 28 led to funds that have in the past made a substantial investment in infrastructure (within the terms of the current version of Regulation 28) being put in the position of becoming a "forced seller" of a portion of these investments.	
Towers Watson	General	a) We note that the proposals may lead to some changes in the way that retirement funds are required to monitor and demonstrate compliance with the Regulation 28 limits, for example in the annual financial statements. As ever when such changes are proposed, we express our concern that this could lead to additional costs for funds over time, particularly where a fund only invests in products that are managed to be compliant with Regulation 28 on an ongoing basis	See FSCA revised regulatory reporting requirements & revised Table 1 (simplified)
		b)	
Katleho Matoba	PFA	Allow dynamic split between life and living annuity so that a person can switch between the two depending on circumstances	misplaced
Katleho Matoba	PFA	Allow at least 15% loan tax free withdrawal in the life pension fund. The contributor will be position exercise emergency facility for 15% at once or in segmented period.	misplaced
Riscura	Overall limit unlisted assets	As the overwhelming majority of additive and impactful infrastructure investment by the private sector takes place through unlisted investments, we suggest that the collective limit to unlisted instruments be increased to 45% to be aligned with the proposed collective limit on infrastructure limits.	Funds can still invest up to 45% in infrastructure in total however the sub-limits per unlisted asset classes will apply as well as the per issuer/ entity overall limit of 25%
NBC	General	1. The overriding implication of the proposed amendments is that it will be much easier for retirement funds to assess their current exposure to infrastructure investments. It will also be significantly simpler to record accurate data relating to retirement funds' infrastructure investments in future 2. Retirement funds are currently already permitted to invest in infrastructure yet remain underexposed. This begs the question whether a change to Regulation 28 will be enough of a catalyst for infrastructure investment	noted
NBC	General	3. National Treasury's proposed split of private equity into a stand-alone asset class must be commended. This will avoid the case where asset classes with	Noted

		uncorrelated returns and risks, stemming from fundamentally different economic drivers, are grouped under a single threshold	
NBC	General (3)(c)(x)	1. It is unclear what adequate due diligence will entail exactly 2. Treasury should provide guidance around a liquidity benchmark for funds i.e. what membership profiles, asset size, investment horizons, needs to be taken into consideration when contemplating infrastructure investment;	See revised wording regulation 28(2)(c)(ix) infrastructure added to principle 9 as due diligence is already contained in several principles to the regulation
NBC	General (3)(c)(x)	3. Liquidity: What happens when an employer retrenches members or shuts down? How must retirement funds create liquidity to pay members if the enticement is to now invest in long term, typically illiquid investments. Perhaps we need a mechanism to create a common secondary market for pension fund assets owners to create liquidity of such investment under duress situations such as retrenchments or liquidation	Investment Policy (IPS) of the fund and risk management policy should suffice and revised annually to cater for changing events
Absip Asisa Asisa Asisa	General	1. Firms do not take opportunities in the general. These range from low impact projects, program delivery, and delays in obtaining licenses, approvals and permits 2. The inclusion of infrastructure investments within retirement funds is not and will not be dependent on the inclusion of specific references to infrastructure within the regulations, but rather on bankable infrastructure projects being brought to market 3. We agree that the proposed amendments to Regulation 28 are a positive development for retirement funds and for the country. We are generally in support of the proposals which aim to encourage investments in infrastructure of which will stimulate much needed economic growth in South Africa. It is, however, noted that the proposed requirement for the application of the look through principle for infrastructure investments may prove challenging for funds and will require changes to existing systems and processes to meet this requirement 4. Regarding the proposed amendments to Sub-regulation 2 and the current Regulations which requires retirement funds to consider factors that may materially affect the sustainable long-term performance of the asset they invest in e.g. Environmental, Social and Governance factors, it is our view that retirement funds are, therefore, likely to look more favourably to investments in infrastructure if current and future infrastructure projects have considered environmental and social (E&S) risks and which align to South Africa's	That may be the case and these bottlenecks are beyond the control of the PFA No look through on private equity and hedge funds as these are the **final assets** in regulation 28. Only look-though required on CIS, insurance, etc. "wrappers" is required.

Asisa Asisa		climate change strategy of achieving long-term climate resilience. The National Treasury's Paper on Financing a Sustainable Economy set out a recommendation which stated that to support a climate resilient economy, we need to 'build capacity across the sector and in the implementing arms of government, particularly local government, to ensure E&S risks are addressed within the local infrastructure and development planning, capital raising and insurance planning..." 5. It is not understood how the infrastructure component of equities, particularly listed entities which may be partly involved in infrastructure, will be calculated or valued. Detailed guidance is requested, to avoid differing interpretations of the requirement. 6. Where the underlying investments comprise of collective investment funds, the retirement fund will be reliant on the collective investment managers to provide the necessary information. Retirement funds will only be able to look through and report on infrastructure if the Collective investment Management Companies report and disclose in a similar manner.	Noted however some relevance for listed instruments & to cater for listed instruments in infrastructure in future. See FSCA revised regulatory reporting requirements & revised Table 1 (simplified) for consistency in reporting Already some alignment between FSCA disclosures under CISCA and PFA
Intellidex	Table Infrastructure columns	7. Infrastructure column: Our concern is that it may appear, and may in fact be, an approach designed to drive infrastructure investment not in the best interest of the pension fund member, but in the development interests of the country.	Board still decides on investment and allocation. Ultimate objective is the developmental needs of the country but not mandatory investment
Sub regulations			
Sub regulation 2			
ENS	Def HF 2(1)(a)	1. Definition of "hedge fund" and general comments 2. When compared to the previous definition, the effect of the new definition (which cross-refers to Government Notice No. 141 of 2015) is: 1.1. to exclude foreign hedge funds (since there is nothing in the Government Notice No. 141 that refers to or applies to foreign hedge funds and the scheme of the empowering statute, the Collective Investment Schemes Control Act, is to regulate foreign collective investment schemes separately from domestic collective investment schemes, in section 65 thereof); 1.2. to exclude alternative investment funds and other issuers who are not inviting or permitting "members of the public" (since it is widely accepted that	See FSCA's draft hedge funds standard (hedge funds comments matrix to be published) under www.fsca.co.za regulatory frameworks (documents for public consultation) FSCA to provide exact cross reference in CISCA definition of "public" that includes **retirement funds** in s65 of CISCA

		pension and provident funds are not per se “members of the public” when investing pursuant to private offers). 3. In our view, the combined effect of the above is that pension and provident funds will be left uncertain whether they may invest in foreign hedge funds or whether they may invest in alternative fund structures that employ leverage and shorting strategies if a home for such investment can be found under another financial instrument category. If it is the intention not to permit such investments, then we suggest that the applicable definition be rewritten.	Non-compliance with the definition of hedge funds (unapproved hedge funds) means funds can apply for exemption in terms of regulation 28(9) to the FSCA beyond the 12 month transition period. See www.fsca.co.za under regulatory frameworks (documents for public consultation for hedge funds comments matrix) In the meantime full look through on the asset will apply under regulation 28(4) for non-complaint (unapproved) hedge funds
Financial Intermediaries Association (FIA)	Def HF 2(1)(a)	1. The substitution of the definition of “hedge fund” provides clarity on this specific asset class, however is to the exclusion of other alternative investments - for example a segregated mandate which allows an appropriately licensed Category II manager to use gearing or the ability to short;	Check with Kedibone & Shepherd In the meantime full look through on the asset will apply under regulation 28(4) for non-complaint (unapproved) hedge funds
IRFA	Def HF 2(1)(a)	1. Noted, aligned with current regulatory environment.	Noted
National Standard	Definitions	1. Including Private Debt in the “definition” of asset classes in the same way that infrastructure and hedge funds have been defined in the proposed amendments, and Private Equity is equally defined	See section 19(4) and section 19(5) and section 19(6) of the PFA for what is permissible
ENS	Def infrastructure 2(b)	a) The definition cross-refers to the definition of “infrastructure” under section 1 raises the following issues:	See revised wording not to limit only to NIP See revised wording (expanded definition)

		b) May pension and provident funds invest in domestic and foreign infrastructure projects not included in such plan (a National Infrastructure Plan) and, if so, subject to what limits? c) How should pension and provident funds measure applicable limits if invested in an infrastructure project that formed part of the plan, but which is subsequently omitted from the plan? d) What limits apply to the existing investments of pension and provident funds in infrastructure projects that are not included in the plan? e) What limits apply to the existing investments of pension and provident funds in infrastructure projects that were not included in the plan at the time of investment by the pension fund but which are subsequently included in the plan? f) Do the limits apply in respect of the owner/ operator of the applicable infrastructure or also to investments in the applicable providers of construction and other services thereto?	
Towers Watson	2(b)	a) The definition of infrastructure is clearly an important aspect of the proposals. In our view the proposed definition is too restrictive and may also not be clearly defined in some respects b) We question whether this definition is appropriate, both in terms of the exclusion of infrastructure investments that do not form part of the NIP, as well as lacking complete clarity as to what might be included under the definition. As a general rule, we would also suggest that it is preferable for the applicable definition of infrastructure to be included in full in Regulation 28, rather than by reference to a separate piece of legislation. c) We are not entirely sure what would be covered or excluded from this definition, but our concern is that, as written, it may exclude projects that could have an important role in supporting the local economy on the basis that they are not part of the NIP d) Our assumption also is that projects that fall under the NIP (national infra plan) would be located entirely within South Africa (or possibly in a neighbouring country for the benefit of South Africa), which seems inconsistent with the 10% limit suggested for investments in Africa outside of South Africa	See revised wording not to limit only to NIP
Sentinel	2(b)	a) This definition is restrictive in terms of infrastructure investments as this excludes private infrastructure investment. Private infrastructure plays a critical role in unlocking economic opportunity and more specifically creating	See revised wording (expanded definition) Lists will be too prescriptive

		jobs. It plays a supporting role in the country and continent's overall infrastructure development needs as it can identify opportunity in underserviced areas. We therefore strongly believe that the definition should be expanded to include private infrastructure. b) Delink the definition of infrastructure from the Infrastructure Development Act. Rather consider the inclusion of a definition within Regulation 28 to include all private and public infrastructure c) It may also be useful to provide a list of eligible issuers, sectors etc	
Municipal gratuity fund	2(b)	a) Suggest :'Infrastructure' has the meaning assigned to 'infrastructure' and 'public infrastructure' assigned in the infrastructure development act	See revised wording (expanded definition) extending beyond NIP
Third Way	2(b)	a) Delink definition of infrastructure from infrastructure development act and consider including private sector infrastructure in it. b) It may be useful to provide a list of possible issuers, sectors, etc. industrial and construction sector which create jobs	See revised wording (expanded definition) extending beyond NIP
NBC	2(b)	a) The linking of "infrastructure" to public projects that form part of government's infrastructure strategy (including public-private partnerships) exclusively, may prove to be unjustifiably restrictive b) retirement funds should be allowed to invest in instruments that do not necessarily sort under the definition of "infrastructure", but are nevertheless primarily aimed at alleviating other socio-economic challenges such as unemployment and inequality directly	See revised wording (expanded definition) extending beyond NIP
IRFA	2(b)	Question: a) Would the definition of infrastructure, whether public/private, include investments in all asset classes e.g. equity, debt, pooled funds? b) Is it the intention to only include infrastructure products that forms part of the national infrastructure plan? c) Is the Presidential Infrastructure Coordinating Commission still constituted and operational as contemplated in the Infrastructure Development Act? d) Schedule 1 contains types of projects, does it contain all the types of projects or must it be expanded? Recommendation: I think they should provide examples of the types of projects or a projects list with available projects where these exist.	Yes to (a) hence the recognition of infrastructure investment under various asset classes as per amendment No to (b) (c) and (d) not relevant to Reg28

IFRA	2(b)	Furthermore, there should be a centralised database of projects	Purpose? See revised wording Lists and a central database will be too prescriptive
Intellidex	Def infrastructure	1. We are concerned that the approach (infr. Column) confuses objectives and consequences in this way and risks undermining public confidence in the prudential function of Regulation 28. 2. This concern is exacerbated by the definition of infrastructure in the draft amendment. By referring to the definitions in the Infrastructure Development Act, the regulation potentially abdicates its prudential responsibility. 3. Suggest: “Infrastructure” refers to transportation and, communications networks, utilities (such as energy and water), housing and office accommodation and social infrastructure that provides the land and buildings for the provision of social services like health and education. It includes both greenfield and brownfield assets financed through project finance, public-private partnerships, or other means by the public or private sector	See revised wording (expanded definition)
IRFA	Infrastructure def 2(b)	1. the definition of “infrastructure” may be too narrow to realise the full potential of the investment opportunity for retirement funds and South Africa at large	See revised wording (expanded definition)
Sukha and Ass	Infrastructure def 2(b)	1. Is private infrastructure excluded in the definition? Clients invested therein are concerned	See revised wording (expanded definition)
SA Retirement Annuity Fund (SARAF)	Infrastructure def 2(b)	1. We would propose a more detailed description of what constitutes these investments and confirmation provided whether it is the intention of the Regulator to only limit this to investments within South African borders. We believe it would be of value to ensure that the allocation to non-South African infrastructure investments is also considered by trustees and reported on by asset managers.	Limits include 10% for local and within Africa See revised Table 1 simplified – are we still allowing for both local and within Africa infrastructure investment?
Riscura	Infrastructure def 2(b)	1. The definition of infrastructure is quite limiting and is not broad enough to cover the intent behind the amendments – namely to encourage pension funds to invest into infrastructure to bring about long-term growth in the South African economy	See revised wording (expanded definition)

		1. The proposed definition refers to infrastructure that forms "part of the national infrastructure plan". This definition would therefore be limited to only consider infrastructure within South Africa. 2. We would propose a more detailed description of what constitutes these investments and confirmation provided whether it is the intention of the Regulator to only limit this within South African borders. We believe it would be of value to ensure that the allocation to non-South African infrastructure investments is also considered by trustees and reported on by asset managers.	See revised wording (expanded definition)
Old Mutual	Infrastructure def 2(b)	1. The proposed definition refers to infrastructure that forms "part of the national infrastructure plan". This definition would therefore be limited to only consider infrastructure within South Africa. 2. We would propose a more detailed description of what constitutes these investments and confirmation provided whether it is the intention of the Regulator to only limit this within South African borders. We believe it would be of value to ensure that the allocation to non-South African infrastructure investments is also considered by trustees and reported on by asset managers.	See revised wording (expanded definition) Limits include 10% for local and within Africa
RMB	2(b)	1. Our interpretation of this definition is that private infrastructure is not covered by the proposed amendments. We wish to clarify whether the intention was for the amendments to focus only on funding of public infrastructure. If it is the intention, we are then concerned that, firstly, the bulk of amendments might prove to be redundant and secondly, that private-sector infrastructure would not benefit from these amendments. 2. We believe that the definition needs to be expanded to cover all infrastructure. Private-sector financing is likely to be the foundation of the next round of renewable energy procurement which will create private energy generation infrastructure. Investment managers and pension funds that participate in these projects would not be able to recognise their investments as infrastructure if the definition proposed in the draft amendments is retained.	See revised wording (expanded definition)
SAVCA	2(b)	1. We understand the definition to exclude commercial infrastructure projects (not underpinned by a public-private partnership ("PPP") or concession arrangement). Projects developed under the Renewable Energy Independent Power Producers Procurement Programme ("REIPPPP") or similar PPP frameworks are included, and a project to fund an Independent Power producer that would enter into private Power Producing Agreements with energy intensive corporates, outside of the REIPPPP, would be excluded	See revised wording (expanded definition)

		2. We propose the definition to be expanded to include both public and private infrastructure	
FEDUSA	Infrastructure def 2(b)	a) Wages should not be funded from infrastructure funds and the definition seem to not allow it unless some public servant wages are considered part of services or processes that relate to a national infrastructure plan. The definition should be making it clear that the wages of public servants cannot be considered as infrastructure or its services or process when investments are made in infrastructure category. b) The infrastructure is not exactly set out in the table but for a maximum of an overall maximum of 45% domestically and an additional 10% in the rest of Africa. The world is bigger than South Africa and South Africa makes up less than 1% of the world equity market and less than that in the bond market	(a) Unclear – GEPF not yet regulated by the FSCA and would therefore not be applicable to proposed amendments. Nonetheless, GEPF is major buyer of government and parastatal bonds. 2 Not clear: Suggesting the limit be global? See response above 10% Africa infrastructure
		a) The 10% rest of Africa limit also requires clarification as it is difficult to understand what projects would form part of the national infrastructure plan, but be undertaken in the rest of Africa, and thus be subject to the 10% limit.	See revised wording (table 1 simplified) Definition broadened
Christo van Dyk	28(2)(c)(x)	1. The regulation in its current form just introduces the concept of due diligence. It should actually go further. 2. SubPar (x) can then be used as the general due diligence requirement for 3. ALL investments ie. this will make sure that attention is paid to due diligence in a general sense. A separate sub-paragraph with specific due diligence requirements per asset class can then be introduced to emphasise specific matters/asset classes. The regulator can consider which other asset classes require such dictates ie. Private Equity? [Considering the Mpati Commission findings, there may very well be lessons learnt at the PIC which the regulator can translate into a regulation which can benefit other Pension Funds] 4. Remove the words "infrastructure assets" from the current sub-paragraph. Further, add the wording as per the UNPRI definitions of due diligence ie. "Due diligence is a systematic process to collect and interpret information about a prospective investment; includes both technical and financial due diligence." 5. There is a real danger that Pension Funds, because certain infrastructure projects have been listed as strategic investment projects by the Presidential Infrastructure Coordinating Commission (PICC) will either waive or reduce	See revised wording added to principle 9 contained in regulation 28(2)(c)(ix) and deletion of proposed principle 10 regulation 28(2)(c)(x) See above

		their own due diligence process BEFORE infrastructure investments are made, there is a need to clarify via the regulations the minimum that should be done 6. Create a separate sub-paragraph ... the following wording can be considered 7. The necessary due diligence for Infrastructure would be conducted at the PRE-investment as well as the Post-investment phases. Without limiting the comprehensiveness of the various factors that- will be considered during the independent due diligence process carried out by the Pension Fund itself, a clear understanding of the following should be formulated for each prospective infrastructure investment: ■ bribery and corruption in general and specifically inherent to supply chain management ■ climate change impact ■ the adverse impact on the environment, including degradation, as well as any adverse impacts on local communities ■ board independence, conflicts of interest and related party transactions	
ENS	Insertion of subparagraph (x) in subregulation 2(c)	a) We note that the insertion will apply to all assets, not only infrastructure. The inclusion of the phrase "and avoiding conflicts of interest" creates a host of potential difficulties. (2(c)(x) b) Is it intended merely that the pension and provident fund must, in making any investment, avoid conflicts of interest pertaining to its own position and that of its trustees and service providers? c) Is it intended that the pension and provident fund must avoid all investments where conflicts of interest relating to the investment may have a bearing on the sustainable long-term performance of the asset? d) Is the injunction to avoid conflicts of interest an outright prohibition or merely an instruction to ensure that there are appropriate mitigating measures? e) In a small investment market such as South Africa conflicts of interest are rife and it is not practical for pension and provident funds to avoid investment in any project where a conflict of interest of any type (and especially those in paragraph 3.2) may be identified. We suggest that the wording should be deleted or amended to read "and avoiding or resolving conflicts of interests, unless this is not possible and the conflict of interest has been appropriately disclosed and mitigated or considered".	Possibly all investments that might have potential conflict of interest? See section 7C(2)(c) of PFA See revised principle 9 and deletion of new principle 10 (x)
	Insertion of subparagraph (x) in subregulation 2(c)	a) The insertion of a new principle (x) in in sub regulation 2(c) seems superfluous, given the existing principles and regulations, as well as the proposed conduct standard regulations under COFI. If the intent of the principle is to encourage funds to invest into infrastructure investments for the	See revised wording added to principle 9 contained in regulation 28(2)(c)(ix) and

		sustainability and growth of the country, then we would suggest that this is made clear and focused on infrastructure in the proposed principle, in line with the actual intent communicated. Conflicts of interest need to be dealt with fully in line with COFI	deletion of proposed principle 10 regulation 28(2)(c)(x)
Towers Watson	new sub-regulation (2)(c)(x	a) The proposed new wording has a substantial overlap with sub-regulation (2)(c)(ix) and we suggest that it would make more sense to combine these two into a single sub-regulation. b) We are unsure why it is necessary to make particular reference to infrastructure investments in this clause, given that it clearly applies to all potential investments by the fund. c) Finally, we caution against including the requirement of "avoiding conflicts of interests". Trustee Boards must of course be diligent in recognizing where potential conflicts of interest exist, and in some cases might indeed decide not to make a specific investment because of such a conflict. However, it may be that the conflict of interest can be managed or mitigated in some way, and/or that the investment case is sufficiently compelling that the investment remains attractive despite the existence of a potential conflict. It would be setting a very high bar if the revised version of the Regulation precludes investment in any asset which might give rise to a conflict of interest - this is likely to have a number of "unintended consequences".	See revised wording added to principle 9 contained in regulation 28(2)(c)(ix) and deletion of proposed principle 10 regulation 28(2)(c)(x) Agree already contained in section 7C(2)(f) of PFA (see above) Check overlap Is reference to infrastructure investment in the clause superfluous?
Subregulation 3			
PPS	Subregulation 3(d)(A)	The amendment/addition of paragraph (dA) does not result in a material change to what is currently provided for in the current Regulation 28 as it stands. Proposed amendment: Deletion of paragraph (dA) in its entirety OR revise as follows "(dA) Subject to paragraph (d), a fund may invest in private equity and hedge fund(s), subject to conditions as prescribed."	Check materiality of (dA) Consider revised wording
SAVCA	Subregulation 3 4(d) (k)	a) This paragraph proposes the insertion of a new paragraph (k): b) The proposed wording is problematic as it seems to propose that a fund could have 45% exposure to "an issuer or entity" – we propose that this is amended to "**all issuers or entities".**	See revised simplified Table with correction on the Total referencing ALL issuers/ entities Needs to be corrected - Should be all issuers/entities, since 45% is the **overall limit** for infrastructure investment 25% overall per issuer/ per entity limit includes all asset classes as

			well as infrastructure as a "catch-all limit" to avoid concentration risk
Christo van Dyk	45% limit	1. 45% domestic infrastructure investments, regardless of spread, appears to be excessive. It is uncertain what research underpins this %. Reg28 should prevent over concentration, not facilitate it! 45% domestic infrastructure investments, regardless of spread, appears to be excessive. It is uncertain what research underpins this %. 2. Real assets, in total, should not exceed XX% of the AuM. To determine the overall limit for infrastructure investments perform the calculation : XX% less property investments = Maximum infrastructure investments.	Check phrasing – 45% of domestic investments or 45% of funds AUM? The 45% of FV of AuM is an upper limit and not mandatory with 10% limit in Africa in infrastructure See FSCA's RRR regulatory reporting requirements sets out the accounting guide of the industry
GIR	Overall limit	1. The initial limit of 45% is too high and should be reduced to 15% with an annual increase of 5% (up to 45%) once more investment opportunities are made available.	The 45% is an upper limit and not mandatory
Municipal gratuity fund	Sub regulation 3 (k)	1. There is a contradiction in the 45% and 10% limit and the table	45% local of which 10% can be Africa Clarify- see revised Table 1 simplified
Towers Watson	Proposed new sub-regulation (3)(k):	1. The proposed wording here looks slightly "clumsy" in that it refers to the aggregate exposure of "an issuer or entity specified in Column B", but Column B refers to the aggregate limit across all issuers and entities. The use of the term "45% in respect of domestic exposure" is also potentially confusing. 2. We assume that the intention is to impose a limit of 45% of fund assets, but the wording used could suggest a limit that must be determined specifically as a percentage of a fund's domestic exposure, i.e. for a fund that has 30% of assets offshore, the wording could be interpreted as a limit of 31.5% (i.e. 45% of the 70% domestic exposure). 3. While the proposed 45% limit seems high, and we would not expect most funds to make investments in infrastructure that get anywhere close to this level, we are aware of one category of retirement funds where the proposed limit would be problematic based on the current investment strategy. These are funds that have pensioner liabilities and have implemented a liability driven investment ("LDI") strategy to match these liabilities including large	Clarify – see revised Table 1 simplified Funds are unlikely to use the limit to the max… The 45% is an upper limit and not mandatory Not clear on LDI strategy?

		allocations to government-guaranteed debt in Eskom and Sanral (which seems like infrastructure investment to us). 4. Under the current version of Regulation 28, the maximum allocation to such instruments is 100% on the basis that these are debt instruments that are guaranteed by the SA 5. Government. However, the proposed changes to Regulation 28 would impose a limit of 45% to infrastructure investments as a whole, a limit of 25% to any single entity (see next point below), as well as limits of 10% per issuer and 25% in aggregate in the revised Table 1. 6. It cannot be the intention of National Treasury that retirement funds that have in the past made significant allocations to government-guaranteed debt should now be put in the position of becoming forced sellers of part of these holdings, and in practice this would be highly problematic as in some cases the holdings form part of more complex structures (such as a long-term swap arrangement) that could only be terminated at a potentially substantial cost It is essential therefore that the changes to Regulation 28 allow such funds to continue with their existing investment strategies. 7. One way to do this would be to leave the relevant existing limits unchanged (although note that this would then imply a limit on infrastructure investments of 100% of fund assets). The other possibility would be to include some form of "grand-fathering" arrangement as part of the proposals – this may be the more appropriate approach given that there may be other investment strategies being followed by SA funds that we are not aware of, where the new proposed limits would create a comparable problem.	The 45% is an upper limit and not mandatory 25% overall per issuer/ per entity limit includes all asset classes as well as infrastructure as a "catch-all limit" to avoid concentration risk Also not clear here – suggestion is that we leave government guaranteed debt as it and don't subject it to the infrastructure investment column? See revised Table 1 simplified
NBC	Sub regulation 3 (k) Overall limits 45%	1. The ceiling values of 45% for total infrastructure investment and 25% with any single infrastructure investment are too high and may be abused;	Ceiling/maximum values and might not be used all out The 45% is an upper limit and not mandatory 25% overall per issuer/ per entity limit includes all asset classes as well as infrastructure as a "catch-all limit" to avoid concentration risk

Third Way	Column B	1. The inclusion of column B adds significant reporting complexity for fund 2. The 45% infrastructure limit reduced the current available limit for infrastructure. E.g. government guaranteed debt has 100% limit. By implication. By implication, these limits are being reduced 3. How will the Africa limit be applied? 4. How will government and municipal debt be classified because they have an infrastructure component 5. Reconsider column B to simplify its application 6. Consider excluding permissible infrastructure investments from underlying category limits	**Consider excluding GOVIs from 45% limit (relook ESKOM guaranteed bonds FSB notice & list of public entities & municipal debt)** Africa limit on infrastructure 10% max See revised Table 1 simplified Complexity how? Suggestion is that we leave government guaranteed debt as it and don't subject it to the infrastructure investment column?
Towers Watson	Sub-regulation (3)(g):	a) We note that the change proposed here is a simple one to reflect the revised numbering in Table 1. However, we feel that a more material issue is that this sub-regulation currently limits the aggregate exposure to unlisted shares and private equity funds to 15% of a fund's assets. With the proposed increase in the private equity limit to 15% of fund assets, we suggest that this restriction should either be removed, or the limit increased. b) If this is not done, then we point out that funds that have investments in unlisted shares will not be able to take advantage of the increased exposure limit for private equity funds without selling such shares (which may be illiquid). c) Furthermore, one of our recommendations is that National Treasury should consider a higher increase to the limit for private equity investments; such a change would clearly require an amendment to sub-regulation (3)(g).	Check restriction Private entity limit increased from 10% to 15% See revised Table 1 simplified
Absip	3(d)(k) 45% limit	a) Provide an explanation on the rationale of limiting investments to 45% and 10% for domestic and Africa based projects. Globally the range is from about 5% to 62.5% b) We are proposing for the limit to be a maximum of 30% instead of the current limit of 25%. This is from a view if we have 25% to an investment bank balance sheet, and they have a good infrastructure offering and a very low balance sheet risk and all other regulatory checks are in place. We are of the	Suggesting an increase to the overall limits? No – consider next time Increase the fund exposure from 25% to 30%?

		view this will benefit the industry for the investment with the bank balance sheet.	25% overall per issuer/ per entity limit includes all asset classes as well as infrastructure as a "catch-all limit" to avoid concentration risk
Towers Watson	Proposed new sub-regulation (3)(i)	1. While the proposed limit of 25% for a single issuer appears to be very high, we highlight that as explained under point 4, it would be problematic for some clients that have previously made a significant allocation to Government-guaranteed debt in the likes of Eskom or Sanral. We suggest that the limit may also be superfluous, on the basis that it is very difficult for us to see how a fund could make an allocation higher than the proposed 25% if the limits as proposed in the revised Table 1 are adopted.	Is 25% not the over exposure limit? **Consider excluding GOVIs from 45% limit (relook ESKOM guaranteed bonds FSB notice & list of public entities & municipal debt)** See revised simplified Table on infrastructure 25% overall per issuer/ per entity limit includes all asset classes as well as infrastructure as a "catch-all limit" to avoid concentration risk
Intellidex	45% Limit	1. We think it should be straightforward to place infrastructure into the rows of the table rather than the columns. Infrastructure assets can be simultaneously debt or equity without any breakdown in the coherence of the table. 2. Where it is placed into rows, we would advise a lower ceiling than 45%. We think some research would need to be done on historic performance of infrastructure and the value at risk that would be acceptable for pension fund regulations. We would expect this would result in a figure more like 20%.	See revised Table (simplified) Argue that infrastructure is not an assets
GIBS	45% limit	1. The maximum exposure limit of 45% for infrastructure seems arbitrary.	The 45% is an upper limit and not mandatory
IRFA	45% limit	1. Infrastructure - The 45% upper limit is considered to be too high as a starting point. This limit should be reduced to about 15% (currently only public projects being proposed) with an annual review to increase the limit higher. Our reasoning for the lower initial limit is to ensure that there are sufficient projects for investment (public and private) and to ensure the access to documentation through a centralised database.	How would 15% be spread across all the assets? **No, this will force funds to disinvest thus adverse consequences in short term. Also out of step with current limits**

			Therefore, the 45% is an upper limit and not mandatory
Absip	Exceeding limits	Provide guidance for funds that already exceed the 45% and 10% limits	What happens currently to funds that exceed any of the Reg28 limits? Funds may apply for exemption in terms of regulation 28(9) for a period of 12 months to re-balance their portfolios
Sub regulation 4			
Third Way	Subregulation 4	a) Reporting may be a challenge given delayed reporting and lack of transparency in some cases b) If the look through principle is applied for infrastructure, then it may as well be to private equity and hedge funds	How? See revised FSCA reporting requirements with a transitional period on www.fsca.co.za under regulatory frameworks Why only PE and HF? Superfluous Private equity and hedge funds classified as the final asset **but look though will apply on infrastructure only**
PWC	Subregulation 4(c)	a) "..need not apply the look through principle in respect of the underlying assets of the hedge fund or private equity fund, except in the case of infrastructure investments." b) This statement may cause confusion. It appears that full look-though is not applied to hedge funds or private equity funds, but if the fund, or a portion thereof is invested in infrastructure, that portion needs to be shown separately. Consider revising the wording in the subregulation.	Why HF and PE and not infrastructure? Superfluous Private equity and hedge funds classified as the final asset but look though will apply on infrastructure only
Towers Watson	Proposed revised sub-regulation (4)(c):	a) We do not have a particular objection to the requirement to perform a "look through" to the infrastructure exposure within a hedge fund or private equity fund, other than to highlight that any such change to retirement funds' compliance / monitoring processes can give rise to additional costs.	Clarify that currently look through principle not applicable to PE and HF and would therefore, not apply to infrastructure involving PE and HF as underlying assets?

			Superfluous Private equity and hedge funds classified as the final asset but look though will apply on infrastructure only
SAVCA	Subregulation 4d	a) The proposed insertion explicitly states that a fund may invest in a hedge fund, subject to the prescribed conditions. There are conditions prescribed for funds to invest in private equity funds b) Suggest "(dA) Subject to paragraph (d), a fund may invest in a hedge fund or private equity fund, subject to conditions as prescribed.";	Are there prescribed conditions for both HF and PE? **For PE it is Notice 2 of 2012 & draft HF standard** See response above and prescribed conditions on www.fsca.co.za under regulatory frameworks (documents for public consultation)
SAVCA	Subregulation 4 5 b	a) The proposed amendment in 5(b) requires funds to look through investments in private equity funds in respect of infrastructure investments. We understand and support the proposal to encourage funds to invest in infrastructure assets. The requirement to look through private equity fund investments as it relates to infrastructure, in our view, introduces unnecessary complexity and cost, without adding significant benefits and furthermore without the added benefit of encouraging investment in infrastructure b) Based on the definition of infrastructure as stated above, we would question if this is the most appropriate manner to gather data on the retirement funds exposure thereto. c) As an alternative, we are proposing that the FSCA request information from all registered Category II FSP's in terms of the retirement funds' investments into infrastructure (clearly defined). This step would ensure that National Treasury is able to set the infrastructure limit with solid evidence backed research which is likely to ensure that the stated objectives are in fact met	Are there difficulties/challenges with applying look through to PE? **No look though only on infrastructure as suggested** See FSCA revised regulatory reporting requirements on www.fsca.co.za under regulatory frameworks (documents for public consultation) What happens in the meantime while data is being gathered to ensure setting of evidence based limit? See above - the revised FSCA RRR& AFS notes contains transitional period. The

			45% is a maximum limit and not mandatory
Sentinel	Subregulation 4 5 the substitution for paragraph (c) of the following paragraph:“(c)	a) Private equity and hedge fund exposure to infrastructure may well be private infrastructure. b) Reporting may be challenging given delayed reporting and lack of transparency in some instances. c) It is not evident why an exception is made with regard to infrastructure. The intention of the inclusion of hedge fund and private equity asset class in Regulation 28 was to make it easier for pension funds to report these without having to look through to underlying asset classes. d) Proposal: To remain consistent, look through should not be applied to hedge funds and private equity without exception.	Should we assume HF and PE investments are infrastructure related? Private equity and hedge funds classified as the final asset but look though will apply on infrastructure only
	Derivatives	detailed subcategories with unambiguous terms of reference when explaining compliance in different asset classes. E.g. guidance on how asset managers should approach investing in derivatives. There is a need for Regulation 28 guidance (similar to the current standard one) to provide detail on derivatives and their underlying asset class exposures. This guidance would halt an investment manager from making irresponsible investment decisions and allocations through the derivatives market, on a live/current basis.	FSCA working on conditions for derivatives? See draft derivatives standard on www.fsca.co.za under regulatory frameworks (documents for public consultation)
Sukha and Ass	Hedge fund limits	Welcome delinking from PE. Suggest that applying the same limits as PE, ie 15% for Hedge Funds, 7.5% for fund of hedge funds and 5% a single fund	Is there a case for increasing HF limit similar to PE? For infrastructure purposes limit on PE is revised upward. **For HFs consider in next round of Reg 28 changes**
ASSA	Changes to minimum limits per fund	Imposing a limit of 2.5% per fund largely leads to investors desisting from allocating, as the overall allocation does not add significant value compared to the due diligence work that needs to be done.	Per fund limit has always been there? Has it posed a similar challenge before? **See revised simplified Table for infrastructure** See revised regulation 28(2) principles on due diligence on

			infrastructure (principle 9 revised
ASSA	10% Africa limit	The 10% Africa limit being hardcoded into the regulations could present complications if the Exchange control limit were to be changed (if, for example, the exchange control limit reduces independently, whilst a fund has neared or exhausted the 10% Africa limit, then the fund would be in breach of the exchange control limit.)	Suggestion that 10% Africa form part of Excon regs not Reg28? What is the practice currently? **See a specific 10% limit for Africa on infrastructure investments**
Christo v Dyk	10% Africa limit	If the intention is to broaden the footprint of available investment opportunities and thereby enhance diversification, then this 10% (or whatever is an appropriate %) should not be restricted to investment opportunities in Africa but be allowed internationally.	??? See revised wording to disallow international investments in infrastructure
GIR	10% Africa limit	Please confirm if the additional 10% in "Africa" infrastructure investments implies that foreign exposure will be permitted as follows: a. Foreign offshore = Max 30% b. Africa Allowance = Max 10% c. Africa Infrastructure Allowance = 10% This would imply that a fund would be able to invest up to 50% outside South Africa.	Currently already have the 10% Africa allowance in terms of Excon? Then 10% for infrastructure in Africa would be an addition to that? **This is merely a look though to infrastructure on the existing / prevailing SARB limits as issued by FinSurv from time to time. It is not an additional 10%** See revised wording clarifying but disallow international investment in infrastructure
NBC	10% Africa	It is unclear how National Treasury's proposed foreign infrastructure project is respectfully maligned with the objectives of these latest proposed amendments to Regulation 28 that will aim to develop SA infrastructure;	??? See revised wording above
ASSA, Ashburton, CFASSA CFASSA	2(b)Def 'Infrastructure'	1. Does this preclude private projects as being reported under the infrastructure category? If so, will the 2.5% "Other' limit be applicable? 2. The definition of "Infrastructure" should be included in Pensions Fund Act and not only referenced to definition as included in Infrastructure Development Act.	Agree with the inclusion of both private and public infrastructures. 2.5% will be applicable to infrastructure See revised Table

Batseta		3. It is necessary that the definition is not open to interpretation. For example, some of our members sought clarification on whether publicly financed and privately financed infrastructure are included in the definition. ASISA Infrastructure Investment Definition, Classification and Statistics Standard, August 2020. The Standard contains a definition of infrastructure that is clear and concise 4. Our view is that this definition should be widened to consider private infrastructure.	1 (simplified) and definition revised wording See revised wording (definition) beyond NIP
Allan Gray		5. Insert "in " after "it " and before "section " in the definition of "infrastructure ". 6. With reference to our introductory comments, we propose inserting "public " before "infrastructure " so that the definition reads as "public infrastructure ", but also refer to a proposed alternative definition in paragraph 4 below 7. The proposed amendments to Table 1 could mean that ALL investments/instruments would have to be (additionally) classified as to whether such instrument is 'infrastructure' (as defined) i.e. a second layer of limits and reporting, as well as monitoring for compliance. 8. The effect of the proposed insertions of sub-limits in Table 1 could require look-through to be applied even where retirement funds are not seeking to circumvent the limits. This could be the case even though Regulation 28(4)(b) does not require look-through where an asset is less than 5% of the fair value a retirement fund's assets. With the proposed express sub-limits in Table 1, it would seem that asset managers may have to apply look-through and categorise every instrument when they report to their retirement fund clients as well as when monitoring compliance with those proposed sub-limits. This understanding is also seemingly 'supported' by the proposed change to Regulation 28(4)(c) that will require look-through into hedge funds and private equity funds where such funds hold public infrastructure investments, as well as by the proposed amendment to Regulation 28(8)(b), the effect of which, as we read it, could require look-through into all CIS investments and insurance policies. look-through to other instruments, such as debt and equity, would be appropriate i.e. if a listed entity in which a retirement fund invests is in turn exposed to or invested in public infrastructure investments, this should not count towards the retirement fund's exposure to public	See revised Table 1 (simplified) and definition revised wording See revised Table 1 (simplified) and definition revised wording See revised Table 1 (simplified) and definition revised wording and FSCA revised regulatory reporting requirements on www.fsca.co.za under regulatory frameworks (documents for public consultation) Risk-based supervision and proportionality applies

		infrastructure nor should this need to be reported or monitored. A requirement to monitor exposure and to report in cases like this would not only be complex and burdensome but would adversely impact the current investment universe for retirement funds. 9. the proposed definition of 'infrastructure' is potentially too broad (especially where look-through is required for all investments) and a cause for concern. By way of example, many of the projects that fall into the proposed definition could potentially constitute part of the business or investment activities of listed entities in which retirement funds are invested and which entities that are not otherwise viewed or categorised as public infrastructure investments and where the asset comprises more than 5% of the fair value of the retirement fund's assets [Regulation 28(4)(a)) read with Regulation 28(4)(b), even though Regulation 28(4)(b) is more for asset class overall than underlying instruments]. 10. the introduction and application of various sub-limits could adversely impact retirement funds regarding the investment universe and their current investments/investment strategy etc.	See revised wording and revised Table 1 simplified (also see FSCA revised RRR in response above) See response above (revised Table) Should the look through principle not apply in any case? Or does it apply in certain cases or asset classes? The intention of the sub-limits is for funds to invest in infrastructure using the various asset classes and apply a look through for reporting purposes
Christo v Dyk	Def infrastructure	1. The definition of infrastructure as per the gazette, because it is specifically linked to an SA act (the Infrastructure Development Act,) effectively limits the choice of potential infrastructure investments to public infrastructure which forms part of the national infrastructure plan of the Government of South Africa 2. Use the definition as per the UNPRI ie. "Infrastructure - An asset class that includes direct or indirect exposure to physical or real assets. This includes real assets such as electricity distribution systems, road and rail transportation, telecommunication systems, pipelines, and a wide variety of similar assets."	See revised wording (definition) **UNPRI preferred**

CRF	Def infrastructure	1. CRF seeks clarity on the definition of infrastructure investments. Our understanding is that privately financed infrastructure such as CRF's investments in the Government-backed renewable energy programme may not necessarily count as infrastructure under the draft amendments. We would request that publicly financed and privately financed infrastructure be included in the definition, if it isn't already.	See revised wording (expanded definition)
Futuregrowth	Def infrastructure	1. Futuregrowth believes that the insertion of "Infrastructure" in sub-regulation (1) and the proposed definition as linked to the Infrastructure Act to be very restrictive as it excludes all non-government led infrastructure initiatives and to a degree being tantamount to prescription given this exclusion 2. Propose: The basic physical structures and systems (e.g. buildings, roads, power supplies, Water supplies and communication networks) for the provision of utilities or services and constructed for public use, benefit or enjoyment. This includes both public and private infrastructure. 3. This obviously has inference on the overarching proposed limit of 45% on infrastructure investments which is then far too little and will likely be breached at the on-set. We believe that this should either be meaningfully increased or deleted in its entirety and thereby allow the overarching asset class limits to dictate the level of risk that a pension fund is then able to take without the creation of another limit	See revised wording (expanded definition) See revised Table 1 simplified. Also see FSCA revised regulatory reporting requirements and revised prescribed annual financial statements on www.fsac.co.za under regulatory frameworks (documents for public consultation)
GIBS	Infra as a category	4. We are **supportive of the inclusion of infrastructure as a category across all asset classes and not as an asset class in itself.** The RFI does not believe that infrastructure constitutes an asset class	See revised Table 1 simplified. Also see FSCA revised regulatory reporting requirements and revised prescribed annual financial statements on www.fsac.co.za under regulatory frameworks (documents for public consultation)
	Infra def 2(b)	5. It is recommended that the definition is changed from "infrastructure" to "Public infrastructure". Alternately, the definition could be extended to include private infrastructure	See revised wording (expanded definition)

	1 Debt definition 2.1 (e)(iii) 2.1 (e) (iv)	There are merits to including Private Debt as a separate and distinct asset class, as opposed to including it under unlisted debt. In particular, Private Debt Funds could be included as a separate category, in a similar way to Private Equity Funds. This is a reclassification exercise that includes updates to the definition and potentially some limits to Private Debt and its sub-classes. Including a separate category of Private Debt Funds in defining the Reg. 28 limits, which could be section 2.1 (e) (iii) Private Debt Funds, and section 2.1 (e) (iv) Private Debt Funds of Funds. Including sub classes of Private Debt in defining the Reg. 28 limits for investing into specialist Private Debt Funds where appropriate, such as Senior Debt or Mezzanine Debt.	FSCA to advise **See revised simplified Table** Loans governed by section 19(4), section 19(5) and section 19(6) of the PFA of what is permissible. **Consider in next round of Reg 28 changes (Wilma & Zareena to revert)**
CRF	2.1(e) (ii)	CRF has accessed a large part of its private debt exposure using the limits set out in 2.1 e) ii. Most infrastructure debt instruments would be suitable for our long-term liabilities so perhaps the limits in 2.1 e) ii should be increased, especially the limits that apply to infrastructure	Increase limit to other debt instruments generally or with respect to infrastructure? See revised Table 1 simplified **Consider in next round of Reg 28 changes (Wilma & Zareena to revert)**
Global Investing Reporting	2(b)	1. The definition should be expanded to include private sector infrastructure development as well, provided there is specific guidance on the criteria used to determine the classification.	See revised wording (expanded definition) **Wilma & Zareena to revert)**
Allan Gray	2(b)	1. National Treasury's proposed definition of infrastructure does not cater for exposure ex-South Africa given that the proposed definition only refers to infrastructure which forms part of the national infrastructure plan	See revised wording (expanded definition)
Allan Gray	2(b)	1. It will be difficult with the current available leading automated compliance systems to monitor public infrastructure exposure without a precise definition of the criteria in order to classify an asset as public infrastructure as per the proposed definition. As noted previously, it should also be borne in mind that it will be near impossible to apply look-through into a security's balance sheet to identify exposures to public infrastructure in general.	See revised wording (expanded definition) Also see FSCA's revised RRR on www.fsca.co.za under regulatory frameworks (documents for public consultation)
Allan Gray	2(b)	1. We propose an alternative definition for infrastructure which only refers to "infrastructure facilities, systems, and structures that are developed, owned, and operated by the government, which includes all infrastructure facilities that are open to the general public for use" (see https://corporatefinanceinstitute.com/resources/knowledge/economics/public-	See revised wording (expanded definition)

Asisa Asisa		infrastructure/). This definition would not preclude entities like retirement funds investing into them, and it should also be sufficient to capture "rest of Africa" infrastructure development. 2. Propose the following definition for Infrastructure: The basic physical structures and systems (e.g. buildings, roads, power supplies, water supplies and communication networks) for the provision of utilities or services and constructed for public use or enjoyment. 3. Minority view: There is a minority view that the definition as proposed is acceptable (especially if no changes are made to the limits), subject to correcting the obvious flaws of the proposed definition re Africa ex-SA. The concern with the proposed ASISA definition above relates to the interplay between the definition, the limits, the sub-limits in Table 1 and the concept of look-through. Should the ASISA definition be accepted, it is critically important that the limits be addressed and raised as indicated. This minority view also extends to not supporting private infrastructure investments being reported on and counting towards any limits. There is also a concern that strong support for inclusion of direct infrastructure has not adequately been addressed, i.e., direct infrastructure investment is supported even if not held within another entity like a CIS or private equity fund.	See revised wording (expanded definition) Compare ASISA definition vs UNPRI definition
Sygnia	2(b)	1. Our view is that the words "relating to the matters" will cover both direct and indirect infrastructure projects (ie. public and private)? 2. Given that the specific project has to fall into the national infrastructure plan in order to be defined as "infrastructure", this becomes the driver of the definition. 3. The national infrastructure plan is not readily accessible to the market. 4. The market needs a readily identifiable link between a project and its inclusion in the National Infrastructure Plan at the point of assessment for investment as well as each Reg28 measurement date 5. An additional consideration in light of the fact that infrastructure deals are long-dated and that it seems the National Infrastructure Plan is fluid: the market can't invest in a 15 year project that was Reg28 compliant at the outset (was included in the National Infrastructure Plan), but in year 7 of that 15 year investment, that project is no longer Reg28 compliant (as it doesn't reflect in the then "updated" National Infrastructure Plan). If a project was Reg28 compliant at the point in time of investing as it was in the National Infrastructure Plan at that point, it has to remain Reg28 compliant even once the plan is updated?	See revised wording (expanded definition) See response above See response above See response above See response above List is too restrictive see response above

		These are not liquid assets that can be jumped in and out of at the mercy of an "updated" list? 6. If our view on the definition of infrastructure being broad enough to cover **direct and indirect infrastructure (public and private)** through the words "relating to the matters", there is still curtailment to public infrastructure (in the unlisted space) and private infrastructure (listed or unlisted) through the table limits (discussed below)	See revised wording (expanded definition)
Allan Gray	(2)(c)(v).	1. Amend the existing sub-regulation (2)(c)(v). This would be a far better outcome than the effect of the proposed insertion which would require a retirement fund to take public infrastructure investments into account in respect of each and every investment i.e. into all assets. This is not feasible nor practical, nor do we believe it to be National Treasury's intention. As such, we propose the deletion of the proposed sub-regulation (2)(c)(x), along with amending sub-regulation (2)(c)(v) by inserting ", including infrastructure" after "investing in an asset", "(v) before making a contractual commitment to invest in a third party managed asset or investing in an asset, including infrastructure, perform reasonable due diligence taking into account risks relevant to the investment including, but not limited to, credit, market and liquidity risks, as well as operational risk for assets not listed on an exchange;"	See response above amendments to principle 9 in regulation 28(2)(c)(ix)
Ashburton	3(a)	1. We seek clarity on the aggregate "traditional" asset class limits – for example, can a retirement fund now theoretically have 100% invested in equities if 75% of that is "normal" listed equities and 25% in infrastructure companies?	No, at least 25% of the 75% should be infrastructure investment (**look though to infrastructure so NOT 100% therefore the 75% limit remains in force e.g. total equities)** See revised Table 1 simplified
Ashburton	3.1 (a) (ii)	1. We are also proposing that this category should not rather read "Listed on an exchange with an issuer market cap of R2bn or more, but less than R20bn" (or insert the word "between" as per the current legislation).	New wording proposed? Check current wording No need to amend market cap See revised Table 1 simplified
Sygnia	3(b)	1. "; and" as opposed to ";"; and	Consider
Asisa	3(c)	1. Remove the insertion of subparagraph (x).	See revised wording to principle 9 (regulation 28(2)(c)(ix) Due

		2. By reframing this insertion, the same outcome can be achieved by amending subparagraph (v). "(v) before making a contractual commitment to invest in a third-party managed asset, or investing in an asset, ***including infrastructure assets***, perform reasonable due diligence taking into account risks relevant to the investment, including but not limited to credit, market, liquidity as well as operational risk for assets not listed on an exchange."	diligence in principle (v), (vi) and (vii) suffices
GIBS	3 (c)(x)	1. It is recommended that the new insertion of sub-paragraph (x) is amended to include liquidity considerations of the overall fund in addition to the other elements: 2. Suggest: "before making an investment in and while invested in an asset, consider any factors which may materially affect the sustainable long-term performance of the asset, including infrastructure investment, taking into account the necessary due diligence and risk adjusted returns in the best interest of the fund, the fund's liquidity and its members and avoiding conflicts of interests.".	New principle (x) to be removed. Liquidity already covered in principle (v)
Global Investing Reporting	3(c)(x)	1. Although we agree with the inclusion of the clause, the responsibility of due diligence now rests with the Trustees. There should be some consideration for training on Infrastructure investments to ensure the Trustees are able to make an informed decision.	See future modules to trustee toolkit to be published FSCA on www.fsca.co.za under regulatory frameworks mid 2022 under section 7A(3) of PFA
Shukha and Assoc	Sub regulation 3(d)(l) General 28(3) (f)	1. Given the 45% limit for infrastructure investment in SA 3(f) should be increased from 35% to 45% for consistency. A retirement fund can access infrastructure entirely through the unlisted market	See revised Table 1 simplified
Third way	Item 8	1. Consider increasing the 35% (f) and 15% (g). While the increase in private equity is welcome, the two remaining limits will constrain retirement funds to invest in unlisted assets of which infrastructure will be one component.	See revised Table 1 simplified Consider increasing the limit in hedge funds fund of funds limit provided its CISCA approved HFs
Futuregrowth	Sub regulation 3(d)(l) 28(3) (f)The aggregate exposure	1. Futuregrowth are also of the view that the current unlisted limit as per Section 3(f) which is currently set at 35% to be too low and should therefore be meaningfully increased to above 50% See which will then facilitate greater investment in alternative assets, therefore allowing a greater opportunity for	See revised Table 1 simplified

	to assets specified in the following items of Table 1 must not exceed 35% of the aggregate fair value of the total assets of a fund Unlisted asset limit	pension funds to provide capital for infrastructure investments across the asset class structure 2. We therefore believe that the straight-forward solution to create meaningful investment in infrastructure is to allow for an all-encompassing definition and also create some relaxation in terms of the over-arching limits to unlisted assets.	See revised wording (expanded definition)
Ashburton CFASSA CFASSA	4(c)	1. We are not entirely clear on what is meant by inserting the words "except in the case of infrastructure investments" – does that mean that a pension fund MUST look-through its infrastructure investments and add to its other asset class exposures, or must it look-through other investments to get a total for its infrastructure exposure? Please can clarity be provided. 2. Does this mean the current regs which allows for no look through on holdings less than 5% falls away altogether for all asset classes or only for hedge funds and private equity funds? 3. Will a full list of classification of all instruments be available to ensure consistency of classification across providers and pension funds?	Latter I think See revised wording to clarify look though only to infrasttucture on private equity and hedge funds List of infrastructure instruments? Look through applies to all assets and the 5% de minimum exception is only a **reporting exclusion** not a look though exclusion **so look though applies on all assets**
Asisa	4(d)	1. This paragraph proposes the insertion of a new paragraph (k): The aggregate exposure by a fund to an issuer or entity specified in Column B of Table 1 may not exceed 45% in respect of domestic exposure and an additional limit of 10% in respect of the rest of Africa, irrespective of the limits referred to in Column A of Table 1. The proposed wording is problematic as it seems to propose that a fund could have 45% exposure to "an issuer or entity" – we propose that this is amended to "all issuers or entities". 2. Limit of 45% - this limit is directly linked to the definition that will be agreed upon. Based on our proposal of making the definition wider, there will be a need to increase the 45%. However, the principle that should be held against	Correct that 45% exposure is to all issuers/entities. See revised Table 1 simplified. Also see revised FSCA RRR on www.fsca.co.za under regulatory frameworks. References to per entity/ per issuer limits have been in regulation 28 already for

CFASSA		it is always a prudential principle. Thus, there is a need to clarify the definitional issue, which will then be followed by the measurement/reporting aspect which will in turn lead to the most appropriate percentage or no limit as pensions funds are in fact protected by the underlying asset class limits where infrastructure investments would naturally sit within. 3. Insertion of paragraph (l): The wording pertaining to "per issuer/entity" limit of 25% should be amended to per underlying infrastructure investment or per underlying infrastructure project. Infrastructure investments are inherently complex and can contain many issuers, underlying reference entities, etc. In addition, we don't want to create a situation where exposure to bank originated and issued infrastructure securities grosses up prudentially defined exposure to banks, which in turn could create a funding gap for the very banks funding/originating the infrastructure projects 4. 45% maximum may be considered a high allocation to infrastructure, but would be dependent on each Pension funds liquidity and other needs	decades and is well understood in the industry See revised Table 1 simplified 25% is limit for exposure to single issuer/entity Yes correct Albinah See revised principle 9 in reg 28
Sygnia	4(d)	1. Insertion (k) is currently limiting exposure to 45% domestic and 10% rest of African in terms of aggregate exposure by a fund "to an issuer or entity" specified in Column B of Table 1. The intention of these overall limits is to infrastructure as an asset class (and not issuer or entity specific as is currently captured in insertion (k))? 2. Insertion (l) – is it envisaged that the Republic of South Africa may issue an infrastructure bond? Item 2.1(a) – 10% issuer limit in terms of "Debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic" – If there is a bond fund that has a mandate that allows it to hold infrastructure exposure, the insertion of paragraph (l) in sub-regulation (3) means that fund cannot hold exposure to the Republic of South Africa that exceeds 25%, given the "issuer limit" that is introduced by this paragraph (as the Republic of South Africa becomes an issuer in this instance). 3. Insertions (k) and (l) currently inserted after paragraph (j), but should precede paragraph (j)? And the wording in paragraph (j) updated to make reference to all the preceding paragraphs (including the two new insertions) in terms of when limits may be exceeded?	See revised Table 1 simplified As indicated above the cap on infrastructure is 45% which is **included in the SARB Limit (it is not an additional 10%** in Africa to the existing SARB limit – see above) See revised Table 1 simplified Consider/ discuss Agree – otherwise current (j) would not be applicable to new (k) and (l)
Asisa	5(b)	1. The requirement to look through hedge fund and private equity fund investments introduces unnecessary complexity and cost, without the added	See response above

		benefit of encouraging investment in infrastructure. Accordingly, we recommend the removal of this proposed amendment, and replacement with the requirement to assess whether the investment objective of a hedge fund or private equity fund is to invest in infrastructure assets, and if so, to then classify the fund as an infrastructure investment, without the requirement to look through to the respective funds' underlying holdings. 2. The more onerous requirement that a look through principle must be applied to infrastructure investments held in hedge funds or private equity funds but does not need to be applied to other investments held in hedge funds or private equity funds will be a disincentive for such investments to be included.	Look through applies to all investments and asset classes without exception See revised Table 1 simplified
IRFA	5(b)	1. This only issue would be the fund manager not providing the information necessary to complete the compliance report. 2. The Regulator must specify that all investment managers must provide the full exposure report including infrastructure investment exposures monthly, within 10 working days. This will enable the industry to prepare accurate reports within specified reporting timelines. Provided the information is received from the fund manager, the exposure to infrastructure can be disclosed in the Schedule IB report.	Reporting by asset managers to funds and timeframes should be included in mandates and service level agreements between funds and service providers
IRFA	5(c) Notwithstanding paragraphs (a) and (b), any direct or indirect exposure to a hedge fund or private equity fund must be disclosed as an investment into a hedge fund …	1. This only issue would be the fund manager not providing the information necessary to complete the compliance report. 2. The Regulator must specify that all investment managers must provide the full exposure report including infrastructure investment exposures monthly, within 10 working days. This will enable the industry to prepare accurate reports within specified reporting timelines. 3. Provided the information is received from the fund manager, the exposure to infrastructure can be disclosed in the Schedule IB report.	See response above See response above See response above
Sygnia	7(a)	1. deletion of "and exclusions" (versus "or exclusions")	Consider – correct paragraph (8)(a) title Reporting <u>*and exclusions*</u>

	8(b)	The exclusions under paragraph 8(b) are to be removed. This presumably serves to allow the look-through principle to apply to the underlying product types. This may however have knock on effects on the life companies/collective investment schemes, hence the proposed changes to the paragraph should take this into account.	Look through applies to all investments including CIS and linked policies in order to compliance officer to certify as regulation 28 compliant However, it was merely a reporting exclusion which is now required to be submitted FSCA under prescribed statutory returns
Old Mutual	8(b)	1. The Funds fully support the requirement for pooled investment vehicles (such as collective investment schemes, linked policies and long-term policies) to comply with the asset limits of Regulation 28. 2. However, we are concerned about the practical implications of removing the exclusion set out in paragraph 8(b) in its entirety. Based on feedback from our administrator and auditor, we are concerned that there will be significant additional administrative and auditing costs associated with this, since each retirement fund would now have to compile and audit an extensive dataset 3. We do appreciate that it is the Regulator's intention to ensure the accurate measuring of actual exposures across the various asset classes including infrastructure. We would therefore **propose** a more cost effective manner to address this requirement, such as an amended audited Regulation 28 compliance certificate which must be provided by each collective investment scheme / linked policy / long-term policy to the retirement fund, and which complies in full with the reporting requirements that may be prescribed in terms of paragraph 8(a).	These investments in CIS and linked policies always had to be regulation 28 complaint in order qualify for reporting exclusion under regulation 28(4). The disclosure needs to be made to FSCA for regulatory purposes See response above
PWC	8(b)	1. The deletion of paragraph (b): Deletion of paragraph (b) also removes the exemption for guaranteed policies. We cannot get look-through information for these investments. Is the intention to remove the exemption for these policies? 2. Testing the preparation and compliance of a fund's Schedule IB where full look-though has been applied to all investments increases the amount of audit effort. This will result in additional audit cost for the funds.	Consider keeping reporting exclusion on guaranteed policies as this certified by the statutory actuary under the Insurance Act and adequately regulated by the Prudential Authority on condition that the **level of**

		3. If the auditors of the CIS manager/insurer are not looking at the reg 28 reporting process, what comfort do the auditors of the fund have regarding the reporting that is received? The auditors of the fund cannot audit the insurer/CIS manager. Will there be any regulation 28 compliance requirements imposed on the insurers and CIS managers?	**guarantee is disclosed to the fund by the statutory actuary** See response above in relation to mandates and SLAs between funds and service providers/ asset managers
IRFA	Sub reg 28(8)(a) Reporting	1. The revised reporting requirements may pose a challenge to many of the market participants. A stronger regulatory framework will have to be developed to compel organisations who need to report to retirement funds to provide the information as needed in a specified time	See response above in relation to mandates and SLAs between funds and service providers/ asset managers
Towers Watson	Proposed deletion of sub-regulation (8)(b):	1. This is quite a material change for some funds, and is not well explained in the accompanying media statement on the proposed Regulation 28 changes. Our understanding of the intention behind the changes to reporting requirements is to ensure that there is a complete look-through to infrastructure investments across all of a fund's investments. If this is indeed the case, then the natural question to ask is whether a similar principle cannot be adopted for investment products that currently fall under sub-regulation (8)(b) to that proposed for hedge funds and private equity funds? This would require that such products provide confirmation at each reporting date of the underlying exposure to infrastructure investments, but would allow such products to continue to be excluded from an assessment of Regulation 28 compliance on the grounds that the product is compliant on a stand-alone basis.	See revised Table 1 simplified
	28(3)(k)	1. The current position is that retirement funds can, subject to the existing limits, invest almost entirely into infrastructure investments. Yet, through the proposed amendments (including the proposed limits) and the complexity that they will add, retirement funds will be limited insofar as they may invest in public infrastructure. It thus begs the question whether the complexity that the proposed amendments would introduce is necessary or even reasonable to achieve the desired objective, and whether there is not a more practical and efficient solution to achieve that objective.	Meaning 100% in government backed debt? – but this not always the case, hence demonstration that at least 10% of purchased bonds is invested in infrastructure, for example. See revised Table 1 simplified
		2.	???
Alan Gray Alan Gray	28(8)	1. We assume the reference to "or exclusions" is meant to be to "and Exclusions" and propose this be amended accordingly. 2. The current regulations say, "and exclusions" not "or exclusions". However, as per our comments below, we do not support the removal of the current	See revised wording

	deletion of paragraph (b).	exclusions provided for under sub regulation 7(b) and therefore do not believe this heading should be changed. 3. The current mechanism permitted by this sub-regulation has been adopted as an invaluable tool by numerous stakeholders in the industry and value-chain, and to dispense with it simply on account of reporting of public infrastructure investments, is far from ideal as well as impractical, and will make matters far more difficult for retirement funds when it comes to adhering to Regulation 28 than is currently the case.	See revised Table 1 simplified
IRFA	(8)(a)	1. Retirement funds – The impact of full look-through reporting will enhance the quality of the regulatory reporting and allow for easier computation of risk management metrics for the benefit of the board and members. The Regulator should specify that 2 versions be created viz. "Audit" and "Financials". The "Audit" version must include all underlying instruments per asset category while the "Financials" version be summarised to only the Top 20 exposures in each asset category. The "Financials" version should then be included in the retirement funds annual financial statements	See proposed revisions to RRR and prescribed annual financial statements on www.fsca.co.za under regulatory frameworks documents for public consultattions
CRF	(8)(a)	1. we welcome the amendment of sub-regulation 28(8)(a), which will improve transparency and allow us to receive better quality information from insurers and collective investment schemes. We would suggest retaining this amendment	Noted
NBC	28(8)(b)	1. The proposed deletion of sub regulation 8(b) in its entirety will have significant reporting and cost implications, especially for smaller clients who rely on sub regulation 8(b) to minimise the drill through process. For context, we use an external specialist provider to produce the drill through reports for larger retirement funds and an additional fee to the client.	See response above Look through was always required on all asset classes it was merely a reporting exclusion that must now be submitted to the FSCA directly
SA Retirement Annuity Fund	28(8)	2. we are concerned about the practical implications of removing the exclusion set out in paragraph 8(b) in its entirety. Based on feedback from our administrator and auditor, we are concerned that there will be significant additional administrative and auditing costs associated with this, since each retirement fund would now have to compile and audit an extensive dataset 3. We would therefore propose a more cost effective manner to address this requirement, such as an amended audited Regulation 28 compliance certificate which must be provided by each collective investment scheme / linked policy / long-term policy to the retirement fund, and which complies in full with the reporting requirements that may be prescribed in terms of paragraph 8(a).	See response above Who would ensure that the RF is provided with this certificate? The RF itself or the FSCA?

			SLA and mandates can be revised to include timeframes for reporting to funds by trustees
IRFA	28(8)(b)	1. Retirement funds – The impact of full look-through reporting will enhance the quality of the regulatory reporting and allow for easier computation of risk management metrics for the benefit of the board and members. The Regulator should specify that 2 versions be created viz. "Audit" and "Financials". The "Audit" version must include all underlying instruments per asset category while the "Financials" version be summarised to only the Top 20 exposures in each asset category. The "Financials" version should then be included in the retirement funds annual financial statements. 2. Administrators (Investment) – the investment administrator would need to source additional data for the fund in order to classify the instrument for infrastructure investment accurately. This may require new data formatting templates and reports. 3. Administrators (Benefit) – Collating data and reports on a look-through basis from the asset managers would be a mammoth task without proper systems for loading portfolio holdings and allocations. In addition, most funds have investments with multiple asset managers and the consistency/format of Schedule IBs received differ across asset managers, which requires a significant amount of time to compile the fund's own Schedule IB. In addition, instrument classification and "infrastructure" fields may be inaccurate if prepared manually on spreadsheets. The retirement fund would need to ensure that the preparation of the reports are consistent with the requirements of the Regulator and do not raise any false breaches or do not highlight actual breaches. It would be beneficial if the regulatory reports are ISAE3402 certified which would minimise the audit effort as well. 4. Investment managers - The asset manager should be aware of the instrument static data and should be able to assist with the data fields where necessary. The investment manager reports would also need to change to incorporate the additional data fields.	See response above Require change of regulatory forms from the FSCA? See response above because full look through always applied to all assets it was merely a "reporting exclusion" that must now be submitted directly to the FSCA under the revised RRR and prescribed annual financial statements on www.fsca.co.za Regulation 28 audit reports based in IAS (international auditing standards as approved by IRBA) The larger service providers have adopted ISAE3402 on voluntary basis

		5. Investment managers – need to be kept in the loop as they are not always open to sharing look-through information where previously they had provided audited Schedule IBs. 6. Cost implications for members – by default most infrastructure assets are unlisted investments which may not have audited AFS or valuations available at the same year-end as the fund. As such, additional time and cost will be spent by fund on due diligence and on auditors to value these investments, the cost of which will be passed on to the fund members. In addition, the requirement to perform full look-through will also bear significant cost implications to both administrators and auditors which will also need to be passed on to members. 7. Timing – there has been plans to reduce the reporting of audited AFS timeline from 6 to 4 months for retirement funds. The impact of this additional work will need to be considered when reducing the reporting timelines. 8. Request 1: By removing the paragraph in its entirety the updated Regulation 28 inadvertently removed the exemption applied to non-linked insurance policies, however my understanding is that this is not the intention; and it's not possible for non-linked insurance policies to provide this information if their liabilities are not linked. Can the FSCA provide communication clarifying that this exemption is still in place, and update the exemption to refer to the Insurance Act 18 of 2017 and not the Long-term Insurance Act 52 of 1997, while also updating references made to the statutory actuary (replaced by HAF) which are no longer applicable in the updated Act. 9. Request 2: For reporting aspect, they should provide templates of reports reporting required and classifications for any new investments introduced to ensure consistency.	No proprietary issues in sharing look-through information with advent of POPI Act and NDAs Benefits outweigh the costs of disclosure which is minor addition of infrastructure as look-though was always required since 2011 changes to regulation 28 See response above Consider retaining look through exclusion on guaranteed policies subject to statutory actuary reporting of level of guarantee to funds on a regular basis See prescribed regulatory reporting requirements of the FSCA on www.fsca.co.za under revision
Table 1 General			
Allan Gray	Table 1	1. Our understanding is that a key component of National Treasury's proposal on splitting hedge funds from private equity will result in retirement funds, should they so wish and of course subject to appropriate and responsible risk spreading and asset diversification, being able to derive a substantial portion of their public	Up to a max of 15% in PE can be invested in infrastructure Noted see revised wording (expanded definition)

		infrastructure investments through one or more infrastructure investments vehicles investing directly into public infrastructure, to be specifically set up for this purpose or from an existing vehicle such as South Africa's Infrastructure Fund. Should such vehicles be established and/or be appropriate i.e. represent an investment opportunity for a retirement fund, such as in the form of a private equity fund or a similar structure, the proposed amendments and limits do not seem to go far enough to allow for this (excluding of course CIS vehicles and insurance policies) to the extent that a retirement fund wanted, for example, exposure of say up to 15% to public infrastructure through a single legal entity/vehicle. We therefore propose that this principle be given effect to as part of the proposed amendments, such that a retirement fund can invest up to 15% in public infrastructure through a single legal entity/vehicle, again, if it so wished and subject to appropriate and responsible risk spreading and asset diversification. For completeness, we are not suggesting that this should substitute existing public infrastructure investment opportunities, such as through debt instruments, or compel investments into such entities, but rather that it complements- those existing opportunities.	
GIR	Table General Secondary Market Trading infrast. investment	1. Specific to fixed income - Based on the requirement for infrastructure investment, it may be necessary to only regard the initial investment as being "infrastructure" as the trading would reduce further capital from being invested in new infrastructure projects. This would mean that once an infrastructure bond is traded in the secondary market, it would lose its "infrastructure" classification and would be treated as any other fixed income instrument.	Does the trading of a debt instrument in the secondary market make it lose its initial investment? Classification is according to the final asset owned by the fund Also see FSCA's revised standard on securities lending and disclosures in the revised RRR of the FSCA on www.f.sca.co.za
Futuregrowth	Table general Sub limits	1. Futuregrowth believe there to be no real benefit to be derived from having sub-limits per asset class. This will likely create confusion and also result in onerous reporting requirements for pension funds. We believe that it is important that National Treasury is made aware of the level of investment in infrastructure which is already been done successfully through ASISA. The underlying risk that you are trying to manage is therefore already captured in well-defined asset	Is this data readily available and across the entire RF industry? See revised Table 1 simplified Regulation should also cater for non-ASISA members

		class limits which prevent over exposure and ensure an adequate level of liquidity	
Sygnia	Table general	1. If it is the intention to create an entirely new stream of investment flows from the asset management industry, then the "closest" new avenue available are bank funding agreements (which are unlisted). Banks already invite asset managers of size to invest alongside them in these infrastructure deals (where the banks encounter prudential limits to certain "issuers") and this trend is expected to gather momentum as further infrastructure deals are rolled out and take up more space on bank balance sheets. These investment flows then also allow access to the "developmental" or "construction" phase of infrastructure projects which would otherwise be somewhat inaccessible to the asset management industry. Yet, this unlisted exposure is limited to 5% per issuer and 5% for all issuers when it comes to SOEs (Column A and B, 2.1(d)(ii)). 2. Securitisations are costly, inflexible, and typically require operational cash streams to be viable (which precludes developmental funding when it comes to infrastructure, with securitisations being possible only once an infrastructure project is operational and generating revenues) – this dynamic alone will keep infrastructure debt "unlisted" and in the banking sector as opposed to opening it up to the asset 3. If there is timing pressure on funds being invested into infrastructure spend and the governments National Infrastructure Plan, then a 5% limit on any unlisted SOE infrastructure debt is likely to hamper this? It isn't possible for the industry to designate some of these exposures to Column A and B's 2.1(d)(ii) and 2.1(e)(ii), as they are either one or the other. Those 5% levels made sense for Column 2, as this was in terms of "general" debt and the industry had limited requirements to access unlisted "general" debt. The dynamics between "general" debt and "infrastructure" debt make the "unlisted" exposure of Column 2 quite different to Column A and B.	Retirement funds are significant institutional investors in the SA economy and contribute significantly to the market cap of banks, insurers, CISs, private equity, hedge funds, capital markets via exchanges and the SA economy at large with AUM of over R4.6 trillion as significant contributor to GDP and infrastructure as well as ESG. Where boards lack the necessary expertise they are required to obtain expert advice in terms of section 7D(e) of the PFA. Also see revised compulsory skills that trustees are required to attain and retain in terms of section 7A(3) of PFA with additional modules to be introduced to the FSCA's free online trustee toolkit mid 2022 See revised Table 1 simplified
Third Way	Table 1 general	1. We believe however the introduction of two new columns in Table 1 of Regulation 28 to be read in conjunction with the current Regulation 28 as is, may still constrain investment into infrastructure given existing investment commitments	See revised Table 1 simplified
IRFA	Table 1 general	1. Many infrastructure projects are in loan format in SA, the loans are acquired by repack programmes, which in turn issue unlisted debt instrument settling though	See revised Table 1 simplified

		the STRATE's market infrastructure platform, in a dematerialised format on the same platform on which Banks issue Bonds, NCDs etc. 2. Recommend expanding the "listed" concept by adding another line item entitled "not listed, but in dematerialised format" and have a specific allocation for such instruments.	
Fedusa	Table 1 general	1. FEDUSA does however feel that there should be more foreign opportunities for pension funds to invest in. 2. The fist reason here is that the SA equity market has only 318 listed companies. 20 of which are suspended and 4 are to delist and 2 more have proposed delisting. With one replacement added the total of SA companies to invest in has decreased to 293 down from 600 companies in 2001. 3. South African equities are less than 0,7% of the world total today from around 2% about three decades ago. 4. An increase in the Foreign assets Cap for pension funds would decrease the concentration and other risks of South African pension assets. 5. In an already concentrated risk situation trustees and fund manager may try to spread risks into less liquid asset's classes such as infrastructure projects and private equity which will add to the over risks by introducing liquidity risks to the concentration risk. 6. There is not enough in the amendment to warn of liquidity risks particularly for the smaller categories. a. Infrastructure projects should be encouraged to list as this will increase liquidity and transparency. b. While by its nature private equity is normally in a fund that may attract capital there should also be a transparency requirement from these types of investments. The same would apply to hedge fund assets. c. Transparency need not be onerous but should give funds and investors a see-through excise twice a year. 7. A FEDUSA recommendation to enact policies that help build the demand among pension funds and other institutional investors by having 'bankable projects' and use syndication and securitization to make projects meet investor demand and needs. Syndication and securitization need to become the predominant financing models for infrastructure, so that the investment requirements (including asset limits) of institutional investors are met.	Current prudential limit is 30% for RFs. Not clear how increasing prudential limit would address concentration risk Consider whether infrastructure investments will eb limited to RSA and Africa to the exclusion of international infrastructure investments Currently SARB set definition of "foreign asset" in consultation with National Treasury and the FSCA. **Part of the 10% Africa SARB limit – it is not an additional amount for infrastructure (see revised Table simplified) Only 10% permissible currently (SARB limit See revised wording clarifying local, Africa and international infrastructure maximum limits** See regulation 28 principles in relation to due diligence, liquidity and other risk management requirements.

		8. A FEDUSA recommendation that the preamble of Regulation 28 becomes even clearer as to the definition and implementation of fiduciary duty and prudent investments (Prudent Person Principle) along the lines of the discussion in Section 2.2. Since this is the framing of the regulation it needs to be much clearer and more specific as to what demands are put on pension funds 9. A FEDUSA recommendation becomes to reduce the prescriptiveness on asset limits in Regulation 28. New limits could be inspired by recent development in comparable countries and should enable South African pension funds to be able to join some of the trends seen globally in asset allocation of pension funds 10. A FEDUSA recommendation is for the Financial Sector Conduct Authority (FSCA) to make sure that this (Point 2(b) of Regulation 28) is indeed the case for all pension funds and that the statement is relevant to the context of that pension fund. 11. It is a FEDUSA recommendation that these issues, although falling outside the revision of Regulation 28 of the Pension Funds Act be addressed specifically, since they challenge the overall stability and confidence in the funded pension system. Pension funds should be required to do more to track their beneficiaries and to inform them about their entitlements when they are close to retirement age. Furthermore, they should be transparent about administrative as well as investment costs. These observations, thus, call for giving more power to the FSCA to sanction or impose measures to address these issues. This also goes for overseeing that pension funds meet their fiduciary duty and are prudent investors.	See response above Consider expanding the preamble – provide suggested wording to cater for the expansion See revised Table 1 simplified See revised FSCA RRR as sated above FSCA may prescribe regulatory instruments in the form of standards under the FSR Act, 2017
Table specific			

Allan Gray Asisa	Table 1	1. Insofar as the proposed sub-limits in Table 1 are concerned i.e. the proposed limits in the proposed new columns A and B, it is difficult for us to comment on these without understanding the basis for them being introduced, especially where they are lower than the limits that are currently applicable at instrument/issuer level. As mentioned elsewhere in our comments, retirement funds can currently invest in public infrastructure through various asset classes, subject to the various limits already contained in Regulation 28 and Table 1. Whilst "unlisted debt" instruments may be one of the most common ways in which retirement funds are exposed to or are invested in public infrastructure, the current limit per issuer/entity is 5% and for all issuers/entities it is 15% - contrast this with the proposed limit of 3% in column A (Infrastructure per issuer/entity as applicable) and column B (Infrastructure for all issuers/entities). It is unclear why such reduced limits are being proposed, given National Treasury's stated objective of making it easier for retirement funds to invest in public infrastructure. We have a similar concern when it comes to the proposed 10% limit in column A (Infrastructure per issuer/entity as applicable) and column B (Infrastructure for all issuers/entities) for listed equities with a market capitalisation of R20 billion or more, especially where the proposed definition of infrastructure is not clarified (or narrowed, where applicable) as we have proposed in our comments under item 2(b) and especially where look-through to all instruments is required. 2. It appears that the proposed overall limit per entity/issuer (Local and or foreign) of 25% in the last row of the proposed new Table 1 is incorrect insofar as it is stated in the second last column i.e. if this proposed limit remains, should it not be stated in Column A that deals with infrastructure investments per issuer/entity? 3. Table 1 layout: Check alignment of the final 2 lines of the table and ensure the percentages are consistently shown. Also ensure consistent use of numbering and naming. ~~4. Table 1 layout: Check alignment of the final 2 lines of the table and ensure the percentages are consistently shown. Also ensure consistent use of numbering and naming.~~ 5. Item 1.1 of the Table has words missing and should read as follows:	Agreed – but such clear data is not available/accessible to the FSCA. See revised Table 1 simplified and revised FSCA RRR www.fsca.co.za ? which asset class? Debt instruments 2(1)(c)(i)? Overall exposure of a RF to a single entity/issuer across all asset classes – correct? See response above on 25% per issuer or per entity limit that serves as a "catch-all" limit to regulate concentration risk and enhance diversification in retirement fund investments through regulation 28 **See revised wording clarifying local, Africa and international infrastructure maximum limits** Noted, see revised Table 1 simplified

		a) Any money market instrument issued by a South African Bank including an Islamic liquidity management financial instrument. b) Hedge Fund limit of 10% c) We believe that it would be equitable and beneficial to increase the limit from 10% to 15%, in line with the limit provided to d) private equity funds. e) Hedge Funds offer the following diversification benefits to investors: f) - Flexible investment strategies; g) - Benchmark Cognisance; h) - Pair trades; i) - Bi-directional investment strategy.	See revised wording Does HF diversification extend to infrastructure investment? **Look though on infrastructure applies** See revised Table 1 simplified
		6. Per hedge fund limit In line with the above proposal to increase the overall allocation to hedge funds to 15% (in line with the limit afforded for private equity funds), we propose that the limit for investment into a single hedge fund be increased from 2.5% to 5%. There are diversification and correlation benefits to investors. 7. Fund of hedge fund limit Should the limit per single hedge fund be increased from 2.5% to 5%, we believe that limit per Fund of Hedge Fund of 5% should be increased to 7.5%.	Consider limit increase for CISCA approved and license Hedge funds only
Batseta		8. Batseta supports the provisions related to the delinking of Item 8 in Table 1. Despite the suggested regulatory changes which allow for greater allocation to private equity investment by pension funds note should be taken that there is still a low allocation into private equity funds.	Private equity limit increase from 10% to 15% is sufficient and can be reviewed again in future
CFASSA	Table 1 item 2(1)(a)	9. ~~We recommend expanding the "listed" concept by adding another line item entitled "not listed, but in dematerialised format" and have a specific allocation for such instruments.~~ Does this mean the current regs which allows for no look through on holdings less than 5% falls away altogether for all asset classes or only for hedge funds and private equity funds? 10. Will a full list of classification of all instruments be available to ensure consistency of classification across providers and pension funds?	Look through has always applied since 2011 it is merely reporting exclusion (see response above) See FSCA's RRR and prescribed annual financial statements as under revision on www.fsca.co.za
CFASSA	Item 2.1(c)	11. Infrastructure projects are generally not guaranteed by banks. The other option is for banks to issue Credit Linked Notes (CLN's) off the back of infrastructure	

CFASSA CFASSA		loans but many investors opt not to invest in these instruments given the double default risk inherent in a CLN. 12. Item 2.1(c)(i) to (iii) makes reference to listed debt instruments (e.g. CLNs). However, since most infrastructure projects make use of funding SPVs, which are private companies of which the financials are not in the public domain, the JSE will not allow a bank to issue a listed CLN which references a private company of which the financials are not in the public domain. 13. Item 2.1(c)(iv) makes reference to unlisted instruments issued by a Bank is 5% per issuer and 15% per portfolio. However, given the double-default risk of a CLN and concomitant risk premium demanded by investors, we do not expect Banks will issue many of these types of credit-linked notes as it may not make economic sense.	Discuss Discuss
GIR	Item (1.1)	1. Definition of South African Bank - does this include banks that are members of the Banking Association of South Africa which includes foreign listed banks that have branches in South Africa? Does this include "Landbank" and "South African Reserve Bank"? 2. Description should also include "Derivative Contra" accounts 3. Definition of Money Market needs to be included - does this imply interest bearing instruments with a maximum of 2 years to maturity? What type of instruments are classified as money market? Are bonds with less than 2 years to maturity classified as money market?	1'Bank' in terms of the bank act See FSCA revision of RRR and prescribed financials on www.fsca.co.za accounting framework, recognition and measurement of fund assets 2? 3?
GIR	Table item 1.2	2. Does foreign bank include a South African bank with a foreign branch? If not, what would the exposure limit be for this type of exposure? Should there be a separate category for this type of exposure?	SARB classification - Amendment does cater for such infrastructure investment exposure. **See revised wording clarifying local, Africa and international infrastructure maximum limits** See SARB EXCON definition of "foreign asset" in consultation with National Treasury and FSCA

Ashburton	2	1. Most infrastructure investments are either structured as unlisted debt issuances or loans, the failure to acknowledge how the infrastructure is funded will result in the proposed amendments to Reg 28 not fully achieving their objective. 2. As such it is proposed: Loans be considered as a type of investment which a pension fund can invest into, notably 2.1 (a) already contemplates loans to Government, 3% limit for unlisted investments is considered too low in light of the largely unlisted nature of infrastructure projects as well the upcoming Renewable Energy Bid Windows and future PPPs. A re-allocation of the above limits should be considered. It is worth noting that there is probably more liquidity in these type of unlisted investments than in private equity and as such, as a minimum these two categories should be aligned. Whilst unlisted, liquidity is a separate matter to be solved for.	Discuss Reconsider % of infrastructure investment through unlisted instruments? See revised Table 1 simplified Also see regulation 28 principles and response above
IRFA	Item 2(1)(a)	1. It is my understanding that Government is not intending on issuing instruments for infrastructure development but rather the project companies themselves or through repack programmes off the back of loans. Government does not intend to guarantee these instruments 2. Therefore there will be limited opportunity to apply this investment capacity	Discuss
Asisa	2(a)	1. There is no further information to enable a proper understanding of NT's decision to restrict a retirement fund's ("RF") investments in hedge funds to South African regulated hedge fund collective investment schemes ("SA CIS HF"). What are the substantive reasons to severely restrict a RF's ability to invest in hedge funds? 2. ASISA members remain of the opinion that a RF should be able to invest into the hedge fund assets as provided for in the current definition of hedge fund in Regulation 28. 3. The reason for apparently not accepting the entire regulatory framework which the FSCA administers and supervises (for example other regulations applicable to retirement funds (Regulation 28), foreign funds approved in	Definition of HF includes foreign HF but person managing such has to be licenced as Cat I FSP? **See revised wording clarifying local, Africa and international infrastructure maximum limits** See response above on CISCA approved and licensed hedge funds

		terms of section 65 of CISCA, investment managers and hedge fund investment managers) as an appropriate control framework, is unclear. 4. The current regulatory obligations are comprehensive, and it does not seem justifiable that an additional restriction (to a specific type of hedge fund product) is proportional. It may be that NT decided on imposing a restriction because the FSCA supervises SA CIS HF and have more control over managing the risks that hedge funds pose. It is submitted that many other types of investments provided for in Regulation 28 may pose risks to a pension fund and these are not subject to FSCA supervision. While risk profiles may differ, it does not seem justified (and may even create un-level playing fields) that a specific type of investment should be restricted to a product supervised by the FSCA.	Agree – does amendment to definition change this? See response above on CISCA approved and licensed hedge funds Legal recourse and enforcement is necessary for FSP and product regulation to repatriate misappropriated assets back to rightful ownership of retirement funds
Towers Watson	Table 1: Item 2 (Debt Instruments):	1. We are unsure how many of the different categories underlying debt instruments are likely to provide genuine opportunities to invest in infrastructure, but we suspect that several of the categories are likely to be essentially irrelevant due to the lack of such opportunities; 2. the proposed limits of 10%/25% for debt instruments issued or guaranteed by the SA Government is problematic, and a mechanism needs to be found to avoid prejudice to retirement funds that have existing exposures above these levels. This also raises the natural question of why a fund should be allowed to invest 100% of assets in SA government debt, but only a much lower amount if this debt is classified as infrastructure, noting that this is inconsistent with the intention of the proposed changes to Regulation 28 to encourage investments in infrastructure, given that the current limit on such investments is 100%. 3. We would raise the same question regarding the various other debt categories where the infrastructure limit is proposed to be at a lower level than the limit for "non infrastructure". While we are not aware of specific examples, we suspect that the proposed limits for infrastructure under category 2.1(d) are too low to accommodate some funds' existing investments (i.e. a similar problem to the one we have identified for category 2.1(a) in relation to government-guaranteed Eskom and Sanral debt).	See revised Table 1 simplified See revised Table 1 simplified See response above

		4. With regard to category 2.1(e)(ii), the same issue applies. The further point we make with regard to this category is that existing opportunities for funds to invest in infrastructure sit largely in the unlisted space. Given this, we would expect the limits in his category to be material in determining how much funds can genuinely allocate to infrastructure investments, and we suggest that it is inappropriate to set such limits at much lower levels than apply to "non infrastructure". 5. We are also aware of some retirement funds who have existing investments in this category which would be well below the current 15% limit, but would immediately be in breach of Regulation 28 if this limit was reduced to be as low as 3%, as has been proposed.	See response above See response above)funds may apply for temporary exemption in terms regulation 28(9) to the FSCA for consideration until portfolios can be rebalanced over 12 month intervals
Sygnia	Item 2.1(a) and (b)	1. 2.1(a) and 2.1(b) include both listed and unlisted exposures (as these paragraphs doesn't specifically split these exposures while 2.1(c) does). 2.1(a) Debt instruments issued by, and loans to, the government of the Republic and any debt or loan guaranteed by the Republic: issuer limit of 10% and overall limit of 25%. Where a fund has infrastructure debt exposure to an SOE issuer that is guaranteed by the Republic, and also holds infrastructure debt exposure to the same SOE issuer that is not guaranteed by the Republic, these two exposures will fall under 2.1(a) and 2.1(d) respectively. The 2.1(a) exposure to that issuer (guaranteed by the Republic) counts as "issuer" exposure (as opposed to "Republic" exposure) for purposes of the overall 25% issuer limits. If both the 2.1(a) and 2.1(d) exposures count towards the overall 25% issuer exposure limit, it curtails the benefit an investor receives from investing in government-guaranteed exposures. A good example being Eskom that has a high volume of government-guaranteed debt that is listed (Column 2, 2.1(a)), unguaranteed debt that is listed (Column 2, 2.1(d)), and could potentially issue infrastructure debt in upcoming years (listed or unlisted). With the prior exposure limits, Reg28 allowed unlimited Eskom exposure (where this was government guaranteed) and 50% Eskom exposure (where this was unguaranteed), but with the introduction of the overall "25% issuer limit", that potential "100%" exposure is cut down to 25%. Is this the intention even where an exposure is guaranteed by the Republic of South Africa? And if this is the case, will this introduction not cannibalise existing investment support to SOEs where those SOEs issue a	See revised Table 1 simplified Proposed 25% overall exposure limit seems to be a tweak of current aggregate exposure according certain assets – see 28(3)(f) – (i). Should we now accommodate the 25% limit according to the current aggregate exposures?

		mix of debt instruments (or plan to issue a mix in the future) and are part of the National Infrastructure Plan (Eskom, Sanral, TCTA)? Column A and B, 2.1(a) - should the 10% and 25% limits on government guaranteed infrastructure debt not be higher? 2. Overall limit per entity/issuer (Local and or foreign) is 25%: consider where the Republic of South Africa is the entity/issuer per item 2.1(a) in the table. Is it envisaged that the Republic of South Africa may issue infrastructure bonds at any point? If this is the case, then a fund's exposure to the Republic through any asset class is capped at 25%, as the Republic is an "issuer" in terms of infrastructure exposure limits. If the Republic of South Africa is unlikely to issue an infrastructure bond, then no risk (the 2.1(a) limits would then only be applicable in terms of debt instruments and loans that are guaranteed by the Republic, but in these instances, the Republic is not deemed to be the issuer). However, if Government plans to issue an infrastructure bond at any point, then introducing the 25% overall issuer limit is a risk as it doesn't exclude Government.	 See response above on 25% overall single issuer and entity exposure limit
Ashburton	Item 2 (1) (c) (i)	1. We are also proposing that this category should not rather read "Listed on an exchange with an issuer market cap of R2bn or more, but less than R20bn" (or insert the word "between" as per the current legislation)	The limit is within the quoted range. Time will tell if there needs to be an adjustment See revised Table 1 simplified
National Standard	2(1)(e)	1. We believe that there are significant merits of including Private Debt as a separate and distinct asset class as opposed to lumping it with unlisted debt. Including a separate category of Private Debt Funds in defining the Reg. 28 limits, which could be section 2.1 (e) (iii) Private Debt Funds, and section 2.1 (e) (iv) Private Debt Funds of Funds. This could also be a completely separate stand-alone section. This is then consistent with how Private Equity Funds are included as a standalone asset class, allowing Pension Funds to allocate funds directly to them in a more conscious manner 2. Including sub classes of Private Debt in defining the Reg. 28 limits for investing into specialist Private Debt Funds where appropriate, such as Senior Debt, Mezzanine Debt and Specialised Debt Private Debt Funds, although this may be considered spurious 3. Limits on Private Debt and the sub classes of Private Debt: Given the different risk return characteristics with secured Senior Debt offering the most security as it ranks ahead of other debts and equity, therefore, have the highest limits as	See revised wording (expanded definition) See response above on 25% overall per entity or per issuer limit ("catch-all" limit) of

		much as 25% in line with current proposals for unlisted debt, or even 30%, and unsecured debt in distressed companies offering the least security where lower limits may be defined, such as 5%.	improved diversification and concentration risk management
sygnia	2(1)d)(ii)		
IRFA	Item 2.1(d)	1. To the extent that Muni's or SOE's issue specific infrastructure bonds there will be limited opportunity to utilise the investment limits as the current format of infrastructure assets is for the project company to be the lender/issuer.	Discuss
CFASSA IRFA	Item 2.1(e)	1. There is general consensus that this grouping allocation will be used most by investors to allocate limits to infrastructure projects. 2. Given the current nature of the project SPV's and that they are private entities a listing is sometimes not achievable which leaves only a 3% allocation per project/issuer. 3. The suggestion for consideration would be to reduce the bank and government limits and increase the limits in this category to 10% for listed and 10% for unlisted debt given the nature of infrastructure projects	Discuss
Sygnia	2.1(e)	1. 2.1(e) Other debt instruments (3% issuer, 3% overall) – for any infrastructure debt that isn't SOE issued and isn't guaranteed by the Republic of South Africa, a fund is limited to 3% in totality (5% if this is listed debt, however, listing debt requires volume and repeat issuance to be viable, which will not be the case for these infrastructure projects). For the recently announced preferred bidders on the 2,000MW emergency power projects (Acwa Power Project DA, Karpowership SA Coega, Karpowership SA Richards Bay, Karpowership SA Saldanha, Mulilo Total Coega, Mulilo Total, Hydra Storage, Oya Energy Hybrid Facility and Umoyilanga Energy) a fund is capped at 3%. If the planned infrastructure roll-out spans a long investment horizon, and the aim is to unlock asset management funds across both the SOE (public) space as well as the private space, is a 3% overall limit enough to unlock this exposure? If one considers that the majority of funding will be within the debt space, and that debt funds will be the main entry point into these assets, these limits could be problematic where they are not being watered down by other assets and a fund aims to be Reg28 compliant in its own right.	Discuss See revised Table 1 simplified
Shukha and Assoc.	Item 2.1(e)(ii)	1. The limits in 2.1(ii) should be increased to 25%. Further, the infrastructure limit should be 5% in line with PE. Private debt is less risky than PE infrastructure	Which 2.1(ii) – other debt instruments not listed on an exchange?

		since it gets regular coupon over a fixed term, making it ideal for retirement funds	
Towers Watson	Table 1: Item 3 (Equities):	1. Again, we do not understand the lower limit on infrastructure issuers in category 3.1(a)(i) compared to a "non infrastructure" entity. At the same time, we do not believe that this is material, as we are not aware of any listed entity in this category that would be classified as infrastructure. 2. More importantly, the sections for the limits on infrastructure under 3.1(b) (unlisted equities) have been left blank. We would assume that this is an oversight, which should be corrected. Once again, we highlight the importance of this, given the likelihood that the opportunities to invest in infrastructure are likely to remain largely in the unlisted space. 3. Perhaps consideration should even be given to setting the limits for this category at a higher level than "non infrastructure" for this reason. We can also confirm that a number of our clients do have existing investments in this category that we would expect to be categorized as infrastructure. 4. In the event that some boxes under infrastructure in Table 1 are indeed left blank, we suggest that National Treasury should clarify what this means, with two possible interpretations being that the limit is either zero, or equal to the "non infrastructure" limit.	See revised Table 1 simplified See response above See response above See response above
GIR	Item 3 Equities Bank and Equity reference market capitalisation	1. The current bands for banks and equity exposures should be amended to adjust for market changes since the introduction of Regulation 28, as follows: i. Over R25bn ii. Between R5bn and R25bn iii. Less than R5bn 2. This will help to reduce the exposure to smaller companies that have increased market capitalisation due to market movement and not necessarily improved company security.	FSCA on the bands although not part of current amendments? Agree Over R20bn (25% limiter per holding company listed entity) Under R20bn (15% limit per holding company's listed entity Unlisted banks *where bank's holding company is not listed on an exchange (5% limit)*
CFASSA	Item 3.1(a) - Equities	2. It is unlikely that the finance SPVs will have its equity listed on an exchange, as these SPVs are private companies, hence it should be noted that there will be limited opportunity to apply this investment capacity. 3. It is recommended that a list of stocks are provided which fall into this category (assuming these currently exist or as they become available).	Provision of list of stocks by who? Discuss

Towers Watson	sub-regulation 3(f):	1. This provision in the current Regulation 28 restricts the exposure to unlisted assets across the various asset categories to 35% of fund assets. We accept that some such limit on exposure to unlisted assets is prudent given the limited (or in some cases complete lack of) liquidity associated with such investments. However, this may not apply in all circumstances – for example, we were successful last year in negotiating some liquidity provisions with the manager for investments our clients made in a new private equity infrastructure fund-of-funds. 2. We do not have a firm view that the current 35% limit is too low, but we do highlight that funds that make new allocations to infrastructure in the unlisted space are likely to get closer to this limit than before. Perhaps a relaxation of the limit could be considered in cases where some of the unlisted investments held do have some reasonable degree of liquidity (e.g. such as the infrastructure fund-of-funds we refer to above).	Implications of infrastructure investment? Link between 3(f) and proposed 25%? See revised Table simplified
Towers Watson	sub-regulation 3(j):	1. Additional comment on Our final comment relates to this sub-regulation, which covers breaches of Regulation 28 that arise from market movements. There is an important issue here with regard to the ability of funds to invest in unlisted investments with limited liquidity, such as private equity. Such investments are typically long-term in nature (perhaps 15 years or more), and under the current provisions of Regulation 28 the board of trustees must set a fund's investment amount at a level such that they can be reasonably confident that there will not be a breach of the Regulation 28 limit throughout this period. The reason for this of course is that in the event of such a breach, this must be corrected within a twelve-month period in terms of the current Regulation 28, which may force the disposal or part-sale of an illiquid asset, quite possibly at a substantial discount to fair value. 2. In assessing the appropriate level of investment, the trustees of course must factor in the possibility that the new investment may grow as a percentage of the fund's assets due to good performance, as well as the possibility of the fund experiencing significant negative cash flows (e.g. as a result of the sponsor running a retrenchment program 3. All of the above means that in reality a board of trustees must limit investments in unlisted instruments, to give a reasonable expectation that the Regulation 28 limits will not be breached. So, for example, with the current limit on exposure to a private equity fund-of-funds of 5%, a fund might reasonably	Remove the restriction – meaning a fund can investment up to the limit and review limits when to check if there is no breach? See regulation 28 principles on risk management Funds have 12 months to rebalance portfolios for market movements (non-discretionary breaches) Beyond the 12 months funds may apply for regulation 28(8) exemptions for FSCA consideration See revised Table 1 simplified

		limit the investment amount to 4% or less. This restricts the extent to which retirement funds can commit capital to such opportunities, even to the extent allowed by the Regulation 28 limits. In our view it would be relatively straightforward to remove this restriction by the simple change of requiring a test against the Regulation 28 limits at the time that such unlisted investments are originally made by a fund, but not on an ongoing basis.	
Towers Watson	Table 1: Item 4 (Immovable Property):	1. We are unsure whether there are realistically opportunities to invest in "infrastructure" that would fall under property in terms of Regulation 28. If not, then the proposed changes in this section are irrelevant. If there are such opportunities (now or in future), then we would again query why the limits for infrastructure are mostly set at lower levels than for non-infrastructure.	FSCA & industry view on this? See revised Table 1 simplified
CFASSA IRFA	Item 4.1 (a) – Immovable Property	1. It is unlikely that property companies which house immovable property in relation infrastructure projects will be listed on exchange, hence it should be noted that there will be limited opportunity to apply this investment capacity. 2. It is recommended that a list of stocks are provided which fall into this category (assuming these currently exist or as they become available	Same as above? See revised Table 1 simplified
GIR	Item 4 Property shares reference market capitalisation	2. The current bands for property share exposures should be amended to adjust for market changes since the introduction of Regulation 28, as follows: i. Over R15bn ii. Between R5bn and R15bn iii. Less than R5bn 3. This will help to reduce the exposure to smaller companies that have increased market capitalisation due to market movement and not necessarily improved company security.	FSCA on the bands although not part of current amendments? Agree (discuss)
GIR	Item 4 Inclusion of Foreign assets in Table 1	1. The previous version of the Schedule IB (2014) included a similar table for Foreign assets including 1.2, 2.2, 3.2, 4.2, 5.2, 8.2. Please confirm if these categories will be added to Table 1 to differentiate between local and foreign investments.	Not sure if this is related to the current amendments – FSCA to assist. See response above on local, Africa and international infrastructure investments
Absip	Private equity gradual increase	Increase in the threshold from 10% to 15% (?) incrementally (potentially in increments of 1ppts) as opposed to a swift change so as not to affect current portfolio and allow FSCA opportunity to monitor and address any unintended consequences	Not in favour of gradual increase - motivation? And where or what is the cut off timeframe for such increases? % are limits/maxima and don't

			necessarily mean funds would use entire %. See revised Table 1 simplified
SAVCA	Table 1 Item 8	SAVCA is supportive of the proposed delinking of hedge funds and private equity and increasing the maximum exposure limit of private equity to 15%	Noted
FIA		We propose an increase in the allocation to Hedge Funds, to a level in-line with Private Equity i.e., 15%; _no motivation provided	See response above for increase in CISCA approved and licensed HFs only
IRFA		Hedge Funds – Maximum of 10%, which is consistent with current Regulation 28, but this is now an absolute allocation without including private equity or other assets exposure. Given the low current exposure, we do not see this change as having a serious impact on the retirement fund industry.	Noted
CRF		We welcome the de-linking of hedge funds and private equity. While we do understand that hedge funds can be perceived to be riskier than private equity, and that CRF are nowhere close to the 10% hedge fund limit, we would suggest that the same limits as private equity be applied to hedge funds for consistency. So, we would suggest that hedge funds receive a 15% limit, fund of hedge funds a 7.5% limit and single hedge funds a 5% limit, in line with private equity.	See response above on increasing HF limit for CISCA approved and licensed HFs only
Riscura		The delinking Hedge Funds from Private Equity and Other assets, whilst welcome, does not seem to have been carried through effectively in the amendments. We would encourage the further natural delinking of liquid Hedge Funds from unlisted/illiquid assets given the very different risk profiles of the two. Kindly note that Hedge Funds have been recently regulated under CISCA, are very liquid, mostly being comprised of listed assets, when compared to other assets the collective grouping	Noted
Ashburton		1. On the positive side, "hedge funds", "private equity" and "other assets…" are now seen as and split into "stand-alone asset classes" – this is good progress. 2. We do not agree that "hedge funds" (especially given that these are now explicitly defined as Collective Investment Scheme in terms CISCA) in aggregate should carry a lower allowed maximum than private equity. We are of the view that local registered hedge funds/collective investment scheme in hedge funds are more regulated and the risk detected for such products would be mitigated as per regulations, while still the "private equity" "industry" currently does not carry the same level of regulatory oversight than hedge funds.	See response above

		3. We propose that the same limit afforded to Private Equity is allowed for Hedge Funds, i.e. maximum of 15%. Similarly, can the same limits as allowed for a Fund of Private Equity Funds be allowed for a Fund of Hedge Funds, i.e. maximum of 10%. 4. The proposed amendments to definition of Hedge Funds, we are of the view that it will have negative impact on the hedge fund offerings and products that invest in other hedge funds and are NOT collective investment schemes, so if the current draft amendments to Reg28 are approved those portfolios that are not registered as CIS hedge funds may not be considered by a pension/retirement fund. 5. We propose the current definition to remain and not be amended.	See response above See response above Not accepted. Recourse to funds to repatriate its funds is required under laws regulated by the FSCA's enforcement powers
ASSA		Regulated Hedge funds, with all the attendant regulatory benefits, could thus be afforded a weighting similar to Private equity. This argument can also be extended to Funds of hedge funds, which have been allocated lower limits compared to Funds of private equity funds. Given the advantages of being regulated, and better marketability/liquidity terms, these limits do present some scope for alignment	See response above
Protea Management		1 I am in support on the separation of the 'catch-all' category (that used to include both hedge funds and private equity funds) into two separate categories. However, given that 1) hedge funds are strictly regulated by CISCA, 2) have prescribed limits on leverage, 3) always require an independent administrator to value the instruments held by a hedge fund, and 4) have a significant bias towards liquid listed instruments being held within most hedge funds (as opposed to illiquid and potentially difficult-to-value unlisted instruments/investments in the case in private equity funds), I do not believe that there is justification for hedge fund exposure to have lower limits than private equity fund exposure. The draft private equity limits of 5% per private equity fund, 10% per private equity fund-of-funds and 15% overall for private equity exposure seems reasonable. I therefore ask that Treasury **considers making the limits** on hedge fund exposure the same, given the stricter regulation (via CISCA and FAIS) applicable to hedge funds, i.e. 5% per hedge fund, 10% per hedge fund-of-funds and a 15% hedge fund exposure limit overall	See response above on increase in limits for CISCA approved and licensed hedge funds

		2 there are some hedge fund collective investment schemes (e.g. some Qualified Investor Hedge Funds managed by Stanlib) which are already being used as vehicles to invest in infrastructure, so it would make sense to also make these limits the same for private equity funds and hedge funds (5% infrastructure exposure per issuer for a hedge fund and 7.5% for a hedge fund-of-funds By applying the principle of harmonisation between the hedge fund limits and private equity fund limits it would reduce complexity and put the two 'asset classes', which used to compete for the same small slice of the pension fund pie via the previous 'catch-all' category, on an equal footing, which is fairer than the current draft proposal, which advantages private equity funds vis-à-vis hedge funds.	See response above Noted
Towers Watson	Item 9 Private equity limit	In our view, the proposed increase in the private equity limit to 15% of assets is the one aspect of the proposals that could make a meaningful difference to the ability of retirement funds to invest in infrastructure. As we will discuss below, we would however argue for a higher limit than this, as well as a change to the provisions of Regulation 28, to avoid the problem that funds are generally forced to- "under allocate" to the private equity asset to avoid the risk of a future breach of the limit, given the liquidity restrictions that generally apply to such investments	Noted. See response above on increase of sub-limits
IRFA GIR		Private Equity – Maximum of 15% which is a change from previous limit of 10% (including hedge funds and other assets) and funds can now invest up to 15% into private equity. This is a very high limit and should be reduced to 10%. Many Trustees may not have been exposed to private equity in the past and given the increased limit, there may be a plethora of new private equity investment projects that are introduced to retirement funds. We should be mindful of the due diligence process and ensure boards, investment consultants and fund managers all agree before making any investment, with supporting evidence of the due diligence process.	See regulation 28 principles and revised principle 9 on due diligence, risk management
Intellidex		1. Separation of PE and increasing of the ceiling to 15%: In our view this is an appropriate and welcome change. Over the last two decades, private markets have become an increasing source of capital, both debt and equity, while public markets have shrunk. This is a global phenomenon. In contrast, private	Noted – not accepted

		equity has been growing and is expected to grow at an estimated CAGR of 11% from 2020 to 2025.1 It is therefore important that investors have greater access to this increasingly large component of the investment universe to achieve the objectives of maximising returns while minimising risk. 2. Caution regarding the change is the increase in the ceiling from 10% to 15% in one step. While the vast majority of funds are far from the existing ceilings as it is, there is some minor risk that funds will rapidly expand exposure before the supply side has been able to scale up to provide appropriate investment opportunities, leading funds to invest in low quality assets. However, given that a gradual approach would be administratively burdensome and this risk is relatively small, we think the single step increase to 15% is acceptable. 3. It is also important to separate private equity from hedge funds and other investments in the current investment bucket	Noted – not accepted Noted
IRFA	10 other	1. Other Assets - Maximum of 2.5%, which is consistent with current Regulation 28, but this is now an absolute allocation without including private equity or hedge fund exposure. Given the low current exposure, we do not see this change as having a serious impact on the retirement fund industry.	See revised Table 1 simplified