

Revised Rules

**Tourism, Hospitality and Catering Pension Fund
(thacsa)**

P8269

CERTIFICATE IN ACCORDANCE WITH REGULATION 18 OF THE PENSION FUNDS ACT 1956

Extract from the minutes of the meeting of the BOARD OF TRUSTEES of the TOURISM, HOSPITALITY AND CATERING PENSION FUND (thacsa) held at CAPE TOWN on 5 AUGUST 2013

Resolved that the enclosed Revised RULES replace the RULES of the above-mentioned FUND with effect from 1 January 2013 and that the FUND shall be operated in terms of these Revised RULES.

Confirmed that the FUND is applying to be exempted from the requirements of sections 9A and 16 of the Pension Funds Act, 1956.

Certified that the enclosed Revised RULES were adopted in accordance with the provisions of the RULES of the FUND.

The reasons for the Revised RULES are to:

1. issue a new set of RULES including all amendments;
2. provide for the FUND to operate as a Type B umbrella fund;
3. include an "EMPLOYER" definition;
4. remove the definition and reference to "Pension Fund Agreement" due to the expiry of the former Council's Pension Fund Agreement in terms of the Labour Relations Act, No. 28 of 1956, as amended;
5. improve the understanding of benefit descriptions where this is considered advisable;
6. remove disability benefits as it is insured with another INSURER;
7. delete reference in the old rules under A 1.1.4 to retired members who retired prior to 1 October 2003 as there are no more members left in this category.

.....
CHAIRPERSON: BOARD OF TRUSTEES

16/12/2013
DATE

.....
TRUSTEE

18/09/13
DATE

.....
PRINCIPAL OFFICER

18/9/2013
DATE

01/01/2013
PB269/ja

REGISTERED (BY) ON THIS THE
<u>February 2014</u>
DAY OF
Registrar of Pensions Funds

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ESTABLISHMENT AND OBJECT OF THE FUND

1. The "Liquor and Catering Trade (Cape) Pension Scheme" (hereinafter called the FUND) was established with effect from the COMMENCEMENT DATE to provide its MEMBERS with benefits.
2. With effect from **1 June 2008**, the name of the FUND changed to "TOURISM, HOSPITALITY AND CATERING PENSION FUND (thacsa)".
3. The object of the FUND is to provide benefits for:
 - 3.1 the MEMBERS upon their retirement on account of age or ill-health, or withdrawal from the FUND; or
 - 3.2 their DEPENDANTS or nominees upon the death of such MEMBERS.
4. With effect from **1 June 2010**, the FUND will operate as:
 - 4.1 a privately administered fund; and
 - 4.2 a Type B umbrella fund arrangement.

DEFINITIONS

In these RULES, unless inconsistent with the context, words defined in the ACT bear the meanings assigned to them in the ACT and, where applicable, all words and expressions indicating the masculine gender include the feminine and words signifying the singular include the plural, and *vice versa*. The following words and expressions shall have the following meanings and are indicated in capital letters throughout:

ACT	The Pension Funds Act, No 24 of 1956 as amended and the regulations and directives framed thereunder;
ADMINISTRATOR	Such company, registered as an administrator in terms of section 13B of the ACT, as may be decided by the BOARD OF TRUSTEES from time to time to administer the FUND;
ANNIVERSARY DATE	The day specified in the SCHEDULE;
APPROVED PENSION FUND	A pension fund (excluding an APPROVED PRESERVATION PENSION FUND) registered in terms of the ACT and approved by the COMMISSIONER;
APPROVED PRESERVATION PENSION FUND	An APPROVED PENSION FUND recognised as a preservation fund, registered in terms of the ACT and approved by the COMMISSIONER;
APPROVED PROVIDENT FUND	A provident fund (excluding a preservation provident fund) registered in terms of the ACT and approved by the COMMISSIONER;

APPROVED RETIREMENT ANNUITY FUND	A retirement annuity fund registered in terms of the ACT and approved by the COMMISSIONER;
APPROVED UNCLAIMED BENEFIT PENSION PRESERVATION FUND	An APPROVED PENSION FUND established to manage unclaimed benefits, recognised as a preservation fund, registered in terms of the ACT and approved by the COMMISSIONER;
AUDITOR	The auditor appointed by the BOARD OF TRUSTEES in terms of these RULES;
BOARD OF TRUSTEES	The managing body of the FUND appointed in terms of Rule B 1.2.1;
COMMENCEMENT DATE	The day specified in the SCHEDULE;
COMMISSIONER	The Commissioner for the South African Revenue Service appointed in terms of the Income Tax Act, No 58 of 1962;
CONTRIBUTION	The total contribution set out in the SCHEDULE;
COST ACCOUNT	The account maintained by the FUND in terms of Rule B 2.7;
DEPENDANT	The meaning assigned thereto in terms of the ACT;
DORMANT MEMBER	A MEMBER: (i) who, in terms of Rule A 3.1.1, elected to preserve his MEMBER'S SHARE after leaving the TRADE; or

(ii) to whom an unclaimed benefit accrued prior to 1 October 2003;

DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT The account maintained by the FUND in terms of Rule B 2.6;

EMPLOYEE A person employed in the TRADE by an EMPLOYER;

EMPLOYER Those companies and organisations specified in the PARTICIPATION CERTIFICATE involved with the TRADE which come to participate in the FUND by arrangement with the BOARD OF TRUSTEES and where the context so requires, "EMPLOYER" shall mean, for any MEMBER, the EMPLOYER employing the MEMBER;

EMPLOYER'S ADDITIONAL CONTRIBUTION ACCOUNT An account maintained by the ADMINISTRATOR in terms of Rule B 2.4;

EMPLOYER'S CONTRIBUTION The EMPLOYER'S contribution as set out in the SCHEDULE;

FINAL SALARY The average of the MEMBER'S PENSIONABLE REMUNERATION over the 12 months preceding death;

FINANCIAL YEAR The period specified in the SCHEDULE;

FUND The fund specified in the SCHEDULE;

FORMER MEMBER A person whose membership of the FUND terminated during the 12 months preceding the TERMINATION DATE;

GROUP INSURANCE BENEFIT	The death benefit indicated as such in the SCHEDULE;
INCOME CONTINUATION BENEFIT SCHEME	The monthly disability income continuation benefit scheme operated by the EMPLOYER for the benefit of the MEMBERS;
INDEPENDENT TRUSTEE	An independent board member who is not in the employ of an EMPLOYER nor controlled nor in common control with an EMPLOYER, the ADMINISTRATOR or the sponsor of the FUND and does not provide any other services to the EMPLOYER, the ADMINISTRATOR or the FUND;
INSURER	The insurer(s) registered in terms of the Long-term Insurance Act, No 5 of 1998;
LIQUIDATOR	(i) The liquidator appointed by the BOARD OF TRUSTEES; or (ii) a trustee appointed by the REGISTRAR in terms of section 26(2) of the ACT; or (iii) an authorised representative appointed by the REGISTRAR whose appointment has been approved by the REGISTRAR in terms of section 28(2) of the ACT;
MEMBER	A person who is a member of the FUND in terms of Rule A 1;

**MEMBER'S
ADDITIONAL
CONTRIBUTIONS
ACCOUNT**

An account maintained by the ADMINISTRATOR in respect of each MEMBER in terms of Rule B 2.3;

**MEMBER'S
CONTRIBUTIONS**

The member's contribution as set out in the SCHEDULE;

**MEMBER'S
CONTRIBUTIONS
ACCOUNT**

An account maintained by the ADMINISTRATOR in respect of each MEMBER in terms of Rule B 2.1;

MEMBER'S SHARE

In respect of each MEMBER the sum of the amounts in:

- (i) the MEMBER'S CONTRIBUTIONS ACCOUNT;
- (ii) the MEMBER'S NET EMPLOYER CONTRIBUTIONS ACCOUNT;
- (iii) the MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT; and
- (iv) the EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT,

less any deductions made as permitted in terms of Section 37D of the ACT.

The MEMBER'S SHARE shall at least be equal to the PRESCRIBED MINIMUM BENEFIT;

**NET EMPLOYER
CONTRIBUTIONS**

The net employer contributions as set out in the SCHEDULE;

NET EMPLOYER CONTRIBUTIONS ACCOUNT	An account maintained by the ADMINISTRATOR in respect of each MEMBER in terms of Rule B 2.2;
NORMAL RETIREMENT AGE	The age specified as such in the SCHEDULE;
PARTICIPATION CERTIFICATE	A certificate of participation in the FUND, issued by the ADMINISTRATOR to an EMPLOYER, indicating the PARTICIPATION DATE and contributions that will apply to that EMPLOYER and the MEMBERS in its employ;
PARTICIPATION DATE	The date on which an EMPLOYER joins the FUND in terms of these RULES as selected by the EMPLOYER in the PARTICIPATION CERTIFICATE;
PENSIONABLE REMUNERATION	Any income deemed to be pensionable as agreed between the MEMBER and EMPLOYER in terms of the employment contract;
PERIOD OF OFFICE	The office period for TRUSTEES as specified in the SCHEDULE;
POLICY	The policy referred to in Rule B 1.3.2.7;
PRESCRIBED MINIMUM BENEFIT	The PRESCRIBED MINIMUM BENEFIT provided for in terms of Section 14A of the ACT;
PRINCIPAL OFFICER	The person appointed as such in terms of Rule B 1.3.2.15;
REGISTRAR	The Registrar of Pension Funds, appointed in terms of the ACT;

- RULES** These rules and any amendment thereto from time to time, as registered by the REGISTRAR and approved by the COMMISSIONER;
- SCHEDULE** The schedule of benefits described in these RULES;
- TERMINATION DATE** The effective date of:
- (i) liquidation as set out in the Board Resolution in terms of which the:
 - (a) EMPLOYER'S participation in the FUND; or
 - (b) entire FUNDshould be terminated in terms of Rule B 3 and Section 28 of the ACT; or
 - (ii) transfer as documented in the transfer application made to transfer:
 - (a) a portion of the MEMBERS in the employ of the EMPLOYER; or
 - (b) all the MEMBERS in the employ of the EMPLOYER; or
 - (c) the entire FUNDto another retirement fund in terms of Rule B 2.14 and Section 14 of the ACT,
- as the case may be;

TRADE	(i) Tourism, Hospitality and Catering Trade; or (ii) any other related Trade or other organisation associated with the FUND, subject to the BOARD OF TRUSTEES' approval;
TRUSTEE	A member of the BOARD OF TRUSTEES;
VALUATOR	An actuary approved as a valuator by the REGISTRAR.

SCHEDULE TO THE RULES

GENERAL

Name of FUND	Tourism, Hospitality and Catering Pension Fund (thacsa).
FUND type	Pension.
COMMENCEMENT DATE	1 March 1983.
Registered office	14A Long Street Cape Town 8000
ANNIVERSARY DATE	(i) 1 January 2012, (ii) 1 June 2013, (iii) 1 January 2014 and every 1 January thereafter
FINANCIAL YEAR	A period of: (i) 17 months commencing 1 January 2012 and ending 31 May 2013; then (ii) 7 months commencing 1 June 2013 and ending 31 December 2013; (iii) thereafter 12 months commencing 1 January and ending 31 December of each year.

(Refer to the DEFINITIONS where applicable)

ELIGIBILITY

Qualifications for membership An EMPLOYEE in respect of whom a CONTRIBUTION to the FUND is made as agreed between the EMPLOYEE and the EMPLOYER in his conditions of employment.

(Refer to Rule A 1)

CONTRIBUTIONS

Total CONTRIBUTIONS 1 of the following contribution categories as elected by the EMPLOYER for its EMPLOYEES, as set out in the PARTICIPATION CERTIFICATE:

- (i) 12% (with a 6% MEMBER CONTRIBUTION); or
- (ii) 14% (with a 6.5% MEMBER CONTRIBUTION)
- (iii) 14% (with a 7% MEMBER CONTRIBUTION); or
- (iv) 15% (with a 7.5% MEMBER CONTRIBUTION); or
- (v) 15.5% (with a 8% MEMBER CONTRIBUTION)

of each MEMBER'S monthly PENSIONABLE REMUNERATION or such other percentages of said remuneration as may be agreed from time to time between

the BOARD OF TRUSTEES and the ADMINISTRATOR.

MEMBER'S CONTRIBUTIONS

Depending on the contribution category elected by the EMPLOYER for its EMPLOYEES, as set out in the PARTICIPATION CERTIFICATE, either:

- (i) 6%; or
- (ii) 6.5%; or
- (iii) 7%; or
- (iv) 7.5%; or
- (v) 8%

of the MEMBER'S monthly PENSIONABLE REMUNERATION, or such lower portion of the CONTRIBUTION as may be agreed from time to time by the BOARD OF TRUSTEES.

EMPLOYER'S CONTRIBUTION

The total CONTRIBUTIONS less the MEMBER'S CONTRIBUTIONS.

NET EMPLOYER CONTRIBUTIONS

The EMPLOYER'S CONTRIBUTION minus the following:

- (i) the administration charges;
- (ii) any commission due as approved by the BOARD OF TRUSTEES;
- (iii) the premiums in respect of the GROUP INSURANCE BENEFITS;
- (iv) the premiums payable in respect of the

separate insurance scheme(s)
operated by the EMPLOYER for the
benefit of the MEMBERS.

(Refer to Rule A 2)

WITHDRAWAL BENEFIT

On resignation, dismissal,
retrenchment or redundancy

The MEMBER'S SHARE

minus

any costs incurred and deducted in terms of
Rule B 2.12.

(Refer to Rule A 3)

RETIREMENT BENEFIT

NORMAL RETIREMENT AGE

The last day of the month in which the
MEMBER attains the age of 60 years.

Retirement benefit

The pension that can be purchased with the
MEMBER'S SHARE.

OR

DORMANT MEMBER benefit

The pension that can be purchased with the
MEMBER'S SHARE.

(Refer to Rule A 4)

DEATH BENEFIT

GROUP INSURANCE BENEFIT 4 times the MEMBER'S FINAL SALARY

Plus

Accumulated contributions The MEMBER'S SHARE

minus

any costs incurred and deducted in terms of
Rule B 2.12.

DORMANT MEMBER benefit The MEMBER'S SHARE.

The MEMBER shall remain covered by the INSURER for the GROUP INSURANCE BENEFIT for a period of 6 months after the last contribution to the FUND.

(Refer to Rule A 5)

BOARD OF TRUSTEES

Number of MEMBER TRUSTEES 7

Number of EMPLOYER TRUSTEES 7

INDEPENDENT TRUSTEE 1

Minimum number for quorum 2 MEMBER TRUSTEES

plus

2 EMPLOYER TRUSTEES

Plus

INDEPENDENT TRUSTEE

PERIOD OF OFFICE

3 years in respect of MEMBER and
EMPLOYER TRUSTEES

1 year in respect of the INDEPENDENT
TRUSTEE

Indemnification

The FUND shall indemnify the TRUSTEES
against all proceedings, costs and
expenses incurred by any reason of any
claim in connection with the FUND, not
arising from their gross negligence,
dishonesty or fraud.

(Refer to Rule B 1.2)

SECTION A

**MEMBERSHIP, CONTRIBUTIONS AND
BENEFITS OF THE FUND**

RULE A 1 - MEMBERSHIP

A 1.1 Participation

A 1.1.1 Persons in the EMPLOYER'S service immediately before the REVISION DATE

A 1.1.1.1 All MEMBERS of the FUND immediately prior to the REVISION DATE will remain MEMBERS of the FUND.

A 1.1.1.2 Any person who:

(i) is in the EMPLOYER'S service immediately before the REVISION DATE and who is still in the EMPLOYER'S service on the REVISION DATE, but who is not eligible for membership on that date according to the conditions set out in the SCHEDULE; and

(ii) did not receive a retirement benefit from this FUND in terms of Rule A 4,

shall become a MEMBER as soon as he becomes eligible for membership.

Membership commences on the first day of the month following the date on which such person becomes eligible for membership.

A 1.1.2 New EMPLOYEES

It shall be a condition of employment and therefore compulsory for every person who:

- (i) enters the EMPLOYER'S service on or after the REVISION DATE;
- (ii) is eligible for membership according to the conditions set out in the SCHEDULE; and
- (iii) did not receive a retirement benefit from this FUND in terms of Rule A 4,

that such a person becomes a MEMBER of the FUND.

Membership commences on the first day of the month coinciding with, or following, the day on which he first becomes eligible.

A 1.1.3 New EMPLOYERS

New EMPLOYERS may be admitted to the FUND, subject to the approval of the BOARD OF TRUSTEES.

A 1.1.4 No new MEMBERS admitted after TERMINATION DATE

A 1.1.4.1 Notwithstanding anything to the contrary in Rule A 1.1 above, no new MEMBERS will be admitted to the FUND on or after the TERMINATION DATE save for the exception detailed in Rule A 1.1.4.2 below.

A 1.1.4.2 In cases where only a portion of MEMBERS in the employ of the EMPLOYER are transferred in terms of Section 14 of the ACT, new MEMBERS will be admitted to the FUND on or after the TERMINATION DATE in terms of these RULES, provided that they meet the eligibility conditions in place at the time.

A 1.2 Temporary absence

A 1.2.1 Approved temporary absence with remuneration

While a MEMBER receives his full remuneration or reduced remuneration from the EMPLOYER, his membership of the FUND and the benefits and contributions which are applicable under the FUND are not affected by his absence from the EMPLOYER'S service; provided that if his remuneration is reduced then benefits and contributions will be based on such reduced remuneration.

A 1.2.2 Approved temporary absence without remuneration

A 1.2.2.1 A MEMBER'S absence from the EMPLOYER'S service without remuneration will, subject to the consent of the BOARD OF TRUSTEES, be regarded as approved temporary absence. Membership of the FUND continues during such temporary absence, subject to the following:

- (i) If the MEMBER elects not to contribute during the period of temporary absence:

- (a) no contributions will be made by or in respect of the MEMBER during the period of approved temporary absence, save for premiums payable in terms of Rule A 1.2.2.2 (if any);
 - (b) benefits are determined on the basis that no contributions are added during the period of approved temporary absence and that the GROUP INSURED BENEFITS will cease during the said period, unless continued cover has been accepted by the INSURER (see Rule A 1.2.2.2);
- (ii) If the MEMBER elects to contribute during the period of temporary absence:
- (a) the MEMBER may elect to contribute his own contributions or both his own contributions and the contribution the EMPLOYER would have made in respect of him. The MEMBER will pay such contributions to the EMPLOYER to be dealt with in terms of Rule A 2.5.1;
 - (b) a MEMBER'S GROUP INSURED BENEFITS will continue during such period, subject to the conditions of Rule A 1.2.2.2. Contributions and benefits will be based on the PENSIONABLE REMUNERATION the MEMBER earned immediately prior to the date on which his temporary absence commenced.

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A 1.2.2.2 At the request of the MEMBER and with the consent of the EMPLOYER, the BOARD OF TRUSTEES may request that the INSURER continue to provide cover for the GROUP INSURED BENEFITS during the period of approved temporary absence.

In the event that the INSURER agrees to the request, the GROUP INSURED BENEFITS will continue to apply to the MEMBER during the said period, but subject to the terms and conditions that are laid down by the INSURER. The premiums required by the INSURER will be paid by the EMPLOYER.

A 1.2.2.3 The maximum period of approved temporary absence for any MEMBER is 12 months. Periods of approved temporary absence which are interrupted by less than 3 consecutive calendar months are regarded for the purposes of these provisions as 1 period of approved temporary absence.

A 1.2.2.4 If the period of approved temporary absence is terminated (as a result of the expiry of the maximum period of approved temporary absence or otherwise) and the MEMBER concerned is again an EMPLOYEE, his membership continues in the normal way. If, however, he is not an EMPLOYEE at the termination of such absence, the withdrawal benefits described in these RULES shall be available as if he had then terminated service unless his membership is reinstated with the consent of the BOARD OF TRUSTEES.

A 1.3 Conditions of employment not otherwise affected

Nothing contained in these RULES can limit the right of an EMPLOYER to terminate the services of an EMPLOYEE, or the right of an EMPLOYEE to leave the service of an EMPLOYER, subject to the conditions of his employment.

A 1.4 Cessation of membership

A MEMBER'S membership ceases only:

A 1.4.1 when he ceases to be an EMPLOYEE; or

A 1.4.2 when he ceases to be an EMPLOYEE, unless the MEMBER is a recipient of a disability income benefit in terms of the INCOME CONTINUATION BENEFIT SCHEME operated by the EMPLOYER in respect of the MEMBERS; or

A 1.4.3 when he becomes entitled to any final benefit in terms of this FUND; or

A 1.4.4 when his EMPLOYER ceases to participate in the FUND; or

A 1.4.5 at dissolution of the FUND,

whichever occurs first.

RULE A 2 - CONTRIBUTIONS

A 2.1 MEMBER

Every MEMBER (a DORMANT MEMBER excluded) is required to make monthly contributions to the FUND as set out in the SCHEDULE. A MEMBER'S CONTRIBUTIONS are rounded off to the nearest cent and are deducted from the MEMBER'S remuneration by the EMPLOYER.

A 2.2 EMPLOYER

The EMPLOYER is required to make monthly contributions to the FUND in respect of every MEMBER (a DORMANT MEMBER excluded) as set out in the SCHEDULE. The EMPLOYER'S CONTRIBUTION rate is set out in the SCHEDULE. Such contributions are rounded off to the nearest cent.

A 2.3 Transfers and voluntary contributions in respect of a MEMBER

A 2.3.1 Subject to the EMPLOYER agreeing thereto, a MEMBER (a DORMANT MEMBER excluded) may make contributions to the FUND by way of:

- (a) a lump sum to which he has become entitled on his withdrawal from another APPROVED PENSION FUND or APPROVED PROVIDENT FUND; or
- (b) regular amounts not otherwise recognised for the purpose of calculating his benefits under the FUND.

A 2.3.2 These contributions shall be kept in a separate account, namely, the MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT held in respect of the MEMBER.

A 2.4 Voluntary contributions in respect of an EMPLOYER

A 2.4.1 The EMPLOYER may, with the consent of the BOARD OF TRUSTEES, make contributions to the FUND in respect of a MEMBER (a DORMANT MEMBER excluded) by way of regular amounts not otherwise recognised for the purpose of calculating his benefits under the FUND.

A 2.4.2 These contributions shall be kept in a separate account, namely, the EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT held in respect of the MEMBER.

A 2.5 Mode of payment of contributions

A 2.5.1 The EMPLOYER shall remit the total of the contributions to the FUND at the end of each month.

A 2.5.2 7 days' grace shall be allowed for the payment of contributions. All contributions not received by the due date will attract such penalties and interest as provided for in the ACT.

A 2.5.3 The final contribution payable by the MEMBER and the EMPLOYER shall be that due in the month in which:

- (i) the MEMBER retires or (if earlier) the month in which he dies or withdraws, provided that if a MEMBER'S membership ceases within a calendar month, contributions shall be remitted on a *pro rata* basis in relation to the period of service completed by the MEMBER in respect of that calendar month. The EMPLOYER may, however, in its sole discretion, by arrangement with the ADMINISTRATOR, agree to remit more than the *pro rata* contributions, but up to a maximum of that full calendar month's contribution; or

- (ii) the TERMINATION DATE applicable to that MEMBER is reached.

A 2.5.4 Where the EMPLOYER fails to contribute in full within the days of grace referred to in Rule A 2.5.2 above, the BOARD OF TRUSTEES shall ensure that the necessary actions stipulated in the ACT are taken against the EMPLOYER.

The BOARD OF TRUSTEES has the right, in its sole discretion, after having considered the interest of the MEMBERS and the FUND, to give notice to the EMPLOYER that unless all outstanding contributions plus interest in terms of the ACT are paid at such date decided upon by the BOARD OF TRUSTEES, the EMPLOYER'S participation in the FUND will be terminated.

RULE A 3 - WITHDRAWAL BENEFIT

A 3.1 When payable

A 3.1.1 A MEMBER who before 1 October 2003:

- (i) ceased to be employed in the TRADE for any reason other than his death, including his resignation, dismissal, redundancy or retrenchment, and
- (ii) elected to preserve his MEMBER'S SHARE in the FUND,

shall remain a MEMBER of the FUND (but cease to contribute in terms of Rule A 2), in which case he shall be a DORMANT MEMBER. At his NORMAL RETIREMENT AGE, his MEMBER SHARE is payable in terms of Rule A 4.3 and Rule A 4.4.

When a DORMANT MEMBER:

- (a) claims his withdrawal benefit from the FUND; or
- (b) dies,

the FUND will pay his MEMBER'S SHARE as a withdrawal or death benefit (as the case may be) in terms of these RULES upon which membership of the FUND shall cease.

A 3.1.2 If:

- (i) a MEMBER terminates his service with the EMPLOYER before the NORMAL RETIREMENT AGE and such MEMBER is not entitled to any other benefits under the FUND, or
- (ii) an EMPLOYER ceases to participate in the FUND

the withdrawal benefit set out in the SCHEDULE shall be available subject to the restrictions on the application thereof set out in Rule A 3.2. This Rule applies *mutatis mutandis* to a MEMBER whose service is terminated by the EMPLOYER.

A 3.1.3 Notwithstanding any provisions to the contrary contained in these RULES, the BOARD OF TRUSTEES reserves the right, at the request of the EMPLOYER to alter the withdrawal benefit in respect of any damage caused to the EMPLOYER by means of any theft, dishonesty, fraud or misconduct by the MEMBER, provided that

- (i) the MEMBER has admitted liability in writing to the said theft, fraud or misconduct; or
- (ii) judgement has been obtained against the MEMBER in any court, including a magistrate's court;

and

- (iii) the extent to which the withdrawal benefit is altered is not greater than the damage caused to the EMPLOYER.

A 3.2 Payment of withdrawal benefit

A 3.2.1 The withdrawal benefit shall, on the MEMBER'S instruction, either be:

- (i) paid in cash; or
- (ii) paid in the manner requested by the MEMBER, which manner of payment does not exclude an assignment provided that the FUND shall have the discretion to refuse such a request; or

- (iii) transferred to an APPROVED PRESERVATION PENSION FUND, provided the benefit is transferred to a single APPROVED PRESERVATION PENSION FUND and such transfer takes place within 6 months of the MEMBER'S withdrawal date; or
- (iv) transferred to an APPROVED PENSION FUND, APPROVED PROVIDENT FUND or APPROVED RETIREMENT ANNUITY FUND.

A 3.2.2 Subject to any legislative requirements, any unclaimed withdrawal benefit will:

- (i) remain in the FUND until such time as the MEMBER or his legitimate beneficiary(ies) (as the case may be) claims such benefit from the FUND; or
- (ii) at the discretion of the BOARD OF TRUSTEES, be transferred to an APPROVED UNCLAIMED BENEFIT PENSION PRESERVATION FUND.

A 3.2.3 Should the MEMBER die before the withdrawal benefit was dealt with in accordance with Rule A 3.2.1, the withdrawal benefit set out in the SCHEDULE shall be payable in terms of Rule B 2.11.

A 3.3 Special Option

A 3.3.1 A MEMBER may on making application to the INSURER within 30 days of withdrawing from the FUND, and without production of evidence of health (notwithstanding the requirement set out in A 3.3.2 below), effect an individual policy for a sum assured not exceeding the amount of the GROUP INSURANCE BENEFIT for which he was covered under these RULES.

- A 3.3.2 The policy granted under A 3.3.1 above shall be issued at the rate of premium applicable to the MEMBER'S age next birthday after the date of ceasing to be an EMPLOYEE and shall be subject to the terms and conditions on which policies of such a class are then being issued to the general public, including any imposed in respect of AIDS and/or infection by HIV.

RULE A 4 - RETIREMENT BENEFIT

A 4.1 When payable

A retirement benefit shall be payable to the MEMBER at:

A 4.1.1 his NORMAL RETIREMENT AGE
or;

A 4.1.2 Voluntary early retirement

A MEMBER may, with the EMPLOYER'S consent and subject to the provisions of the Income Tax Act, No 58 of 1962, retire from the service of the EMPLOYER on the last day of any month preceding his NORMAL RETIREMENT AGE
or;

A 4.1.3 Ill-health early retirement

A MEMBER may, with the EMPLOYER'S consent, retire from the service of the EMPLOYER due to ill-health on the last day of any month before his NORMAL RETIREMENT AGE
or;

A 4.1.4 Late retirement

A MEMBER may, with the EMPLOYER'S consent, retire from the service of the EMPLOYER on the last day of any month after his NORMAL RETIREMENT AGE.

A 4.2 Amount of retirement benefit

The amount of retirement benefit payable to a MEMBER who retires shall be equal to an annuity as set out in the SCHEDULE.

A 4.3 Payment of the retirement benefit

A 4.3.1 On a MEMBER'S retirement in terms of Rule A 4.1, he shall become entitled to an annuity of such amount as can be purchased by the amount set out in the SCHEDULE.

A 4.3.2 An annuity which becomes payable in terms of Rule A 4.3.1 shall be purchased by the FUND in the MEMBER'S name from an INSURER of the MEMBER'S choice. Thereafter the FUND shall have no further liability in respect of the MEMBER, such liability resting with the INSURER from whom the pension is purchased. The annuity so purchased shall be a compulsory, non-commutable, non-assignable annuity, payable for at least the life of the MEMBER. The other features of the annuity may be selected by the MEMBER.

A 4.3.3 Should the MEMBER die before the retirement benefit was dealt with in accordance with Rule A 4.3.2, Rule A 4.4 and/or Rule A 4.5 (as the case may be), the retirement benefit set out in the SCHEDULE shall be payable in terms of Rule B 2.11.

A 4.4 Commutation of retirement benefit

A MEMBER is entitled, on the day when he retires, to commute a portion of the retirement benefit available to him in terms of these RULES for a cash amount, subject to the following:

A 4.4.1 Not more than 1/3 of the retirement benefit may be commuted, except when such retirement benefit does not exceed the minimum as may be laid down in the Income Tax Act 58 of 1962 from time to time, in which event the full retirement benefit may be commuted.

A 4.4.2 Application for commuting a part of the MEMBER'S retirement benefit shall be submitted to the FUND in writing before the date of the MEMBER'S retirement.

A 4.5 Surrender of retirement benefit to provide for alternative types of annuity

A MEMBER may exchange part of the retirement benefit to which he would otherwise have been entitled, for an annuity on a DEPENDANT'S life. The amount of such annuity shall be determined by the INSURER in consultation with the FUND in accordance with the requirements of the MEMBER as to the form the annuity shall take and the period for which it shall be guaranteed.

The amount of retirement benefit to be exchanged shall not cause the annuity payable to the MEMBER'S DEPENDANT, to exceed the reduced retirement benefit remaining payable to the MEMBER after such exchange. The annuity shall commence on the death of the MEMBER and shall continue for the lifetime of the DEPENDANT.

A 4.6 DORMANT MEMBER

The DORMANT MEMBER benefit as set out in the SCHEDULE, shall be payable to a DORMANT MEMBER at the NORMAL RETIREMENT AGE. Rule A 4.3.2 and Rule A 4.4 shall apply with regard to the payment of the DORMANT MEMBER benefit.

RULE A 5 - DEATH BENEFIT

A 5.1 Death in service on or before age 70

Should a MEMBER die in service on or before attaining age 70 then the death benefit, including the GROUP INSURANCE BENEFIT, set out in the SCHEDULE shall be payable in the form of a lump sum to the person or persons entitled thereto, subject to Rule B 2.11.

A 5.2 Death in deferred retirement

If a MEMBER, who has not retired, but who continued in the service of the EMPLOYER after attaining age 70 dies, the MEMBER shall be regarded as having retired on the last day of the month immediately preceding his death and Rule A 4 shall apply.

A 5.3 GROUP INSURED BENEFIT cease immediately prior to the TERMINATION DATE

Notwithstanding anything to the contrary in these RULES, the death GROUP INSURED BENEFIT provided through the POLICIES in respect of a MEMBER will cease immediately prior to the TERMINATION DATE applicable to that MEMBER.

SECTION B

OPERATION AND CONSTITUTION OF THE FUND

RULE B 1 - MANAGEMENT OF THE FUND

B 1.1 Legal entity

The FUND is a separate corporate body and legal person distinct from its MEMBERS, the lawful owner of its property and capable in law of suing and of being sued in its own name.

B 1.2 BOARD OF TRUSTEES

B 1.2.1 Representation

B 1.2.1.1 The EMPLOYERS shall appoint a maximum of 7 TRUSTEES referred to in the SCHEDULE as follows:

- (a) 4 from employers in the TRADE who are members of the Fedhasa Employers' Association; and
- (b) 3 from other employers in the TRADE (who are not members of the Fedhasa Employers' Association).

The appointment procedure in respect of the above 3 TRUSTEES shall be:

- (aa) the employers shall make nominations in writing to the BOARD OF TRUSTEES;
- (bb) the BOARD OF TRUSTEES shall cast their votes (in writing) with each TRUSTEE having 1 vote;

- (cc) the 3 individuals receiving the most votes will be appointed;
- (dd) the BOARD OF TRUSTEES will appoint these individuals as TRUSTEES and communicate these appointments to the EMPLOYERS in writing.

Should the BOARD OF TRUSTEES not be able to appoint the necessary number from this group of employers, the remainder will be appointed from employers in the TRADE who are members of the Fedhasa Employers' Association.

- B 1.2.1.2 7 TRUSTEES shall be appointed in respect of the MEMBERS in proportion to the SACCAWU and HOTELICCA Union affiliation of MEMBERS at the commencement of the respective term of office.

Provided that the TRUSTEES appointed by each of the said Trade Unions shall include 1 official of that Trade Union and any other appointment by that Trade Union shall be from the active MEMBERS of the FUND who contributed to the FUND in each of the 12 preceding months.

- B 1.2.1.3 The BOARD OF TRUSTEES shall appoint a further TRUSTEE who shall be known as the INDEPENDENT TRUSTEE.

- B 1.2.1.4 The BOARD OF TRUSTEES shall be duly constituted in terms of the ACT by ratification of this Rule in accordance with Rule B 1.2.2. All appointments shall be made in writing. Each TRUSTEE shall be deemed to be fully cognisant of the provisions of the RULES.
- B 1.2.1.5 It is the responsibility of the party that appointed a TRUSTEE to inform the BOARD OF TRUSTEES within 30 days should a TRUSTEE no longer qualify as a TRUSTEE;
- B 1.2.1.6 The office of an alternate shall, where applicable, be subject to the same conditions to which the office of a TRUSTEE is subject.
- B 1.2.1.7 Alternates may, but are not required to, attend all TRUSTEE meetings. They will have the right to vote, only if the TRUSTEE for whom they alternate is not present.
- B 1.2.1.8 At least 1 alternate to each TRUSTEE may be appointed by the EMPLOYERS and the Trade Unions in accordance with Rules B 1.2.1.1, B 1.2.1.2, B 1.2.1.4, for the purpose of taking the place of the member of that TRUSTEE whenever, and for as long as, the alternate is requested to do so by that TRUSTEE or by the party that appointed him, provided that:

In the event that the BOARD OF TRUSTEES or a meeting of the BOARD OF TRUSTEES is not constituted in accordance with Rules B 1.2.1.1, B 1.2.1.2 or B 1.2.2.1, due to:

- (a) a party's failure to appoint sufficient TRUSTEES or alternates within 30 days of

being entitled to do so; or

- (b) a party's appointed TRUSTEE being absent from 2 consecutive duly convened BOARD OF TRUSTEES' meetings without being replaced by an alternate,

the TRUSTEES present at its next duly convened meeting shall, if that meeting has a quorum in accordance with Rule B 1.2.2.2, by a simple majority of all the members present elect another such party's (EMPLOYERS' or Trade Union's respectively) appointed alternate as a TRUSTEE for as long as the party in (a) and (b) above, its appointed TRUSTEE or his alternates (if any), thus fails to exercise its rights or to perform its duties hereunder for the purposes of the BOARD OF TRUSTEES' composition and/or meetings.

B 1.2.1.9 The TRUSTEES shall hold office for the PERIOD OF OFFICE set out in the SCHEDULE. Retiring TRUSTEES shall be eligible for re-election.

B 1.2.1.10 Vacancies shall be filled either by appointment, in the case of a vacancy amongst the appointed TRUSTEES, or through the election process detailed above at special convened meetings of the MEMBERS, in the case of vacancies amongst the MEMBER elected TRUSTEES.

B 1.2.2 Basis and Procedure

- B 1.2.2.1 The BOARD OF TRUSTEES shall comprise of 15 TRUSTEES, with an equal number of appointees of the EMPLOYER- and MEMBER-parties (7 each), and the INDEPENDENT TRUSTEE.
- B 1.2.2.2 2 TRUSTEES appointed by the EMPLOYERS, 2 TRUSTEES appointed by the MEMBERS' representatives and the INDEPENDENT TRUSTEE shall constitute a quorum at a meeting of the BOARD OF TRUSTEES.
- B 1.2.2.3 The INDEPENDENT TRUSTEE shall have the same voting rights as other TRUSTEES.
- B 1.2.2.4 If the EMPLOYERS' and MEMBERS' appointees are not equal in number at a meeting, the party in the majority shall withdraw so many of its appointees from voting at that meeting as is necessary to render the parties numerically equal at the time of voting.
- B 1.2.2.5 Resolutions of the BOARD OF TRUSTEES shall be passed by at least $\frac{3}{4}$ of the TRUSTEES at a duly constituted meeting of the BOARD OF TRUSTEES.
- B 1.2.2.6 Any resolution of the BOARD OF TRUSTEES that affects any material interest of the ADMINISTRATOR shall be subject to ratification by the ADMINISTRATOR within 30 days.
- B 1.2.2.7 The BOARD OF TRUSTEES shall from time to time appoint any ~~one~~ of its members as Chairman and another member as Deputy Chairman, neither of

whom shall have any additional vote by virtue of his chairmanship (or deputy chairmanship) of the BOARD OF TRUSTEES. The Chairman and Deputy Chairman shall hold office for a period of 3 years. Both the Chairman and Deputy Chairman shall be eligible for re-election. Alternatively, any other TRUSTEE may be elected to serve as Chairman/Deputy Chairman. If the Chairman is absent from any meeting, the Deputy Chairman shall preside at the meeting. If both the Chairman and Deputy Chairman are absent from a meeting, the TRUSTEES shall elect 1 of the TRUSTEES to act as Chairman for that meeting.

B 1.2.2.8 The BOARD OF TRUSTEES shall from time to time obtain such expert advice as it reasonably requires for the purposes of its duties in respect of the FUND, provided that the ADMINISTRATOR shall be consulted, at no extra cost to the FUND, on any matter involving the ADMINISTRATOR'S interests, rights or obligations.

B 1.2.3 Vacancies

All vacancies shall be filled within 3 months after having become vacant, in the manner referred to in Rule B 1.2.1.

B 1.2.4 Persons not eligible to hold office as TRUSTEE

No person in any of the following categories shall be eligible for appointment as a TRUSTEE and, if a TRUSTEE at any time falls in any such category, he shall cease to hold office:

- B 1.2.4.1 a minor;
- B 1.2.4.2 any person who is insane or otherwise incapable of acting;
- B 1.2.4.3 any person who is disqualified from being a director in terms of an order under the Companies Act of 1973;
- B 1.2.4.4 an unrehabilitated insolvent;
- B 1.2.4.5 any person removed from an office of trust on account of misconduct;
- B 1.2.4.6 any person who has been convicted and sentenced either to imprisonment, or to a fine for 1 of the following: theft, fraud, forgery or uttering a forged document, perjury, an offence under the Corruption Act, 14 of 1992, any offence involving dishonesty or any offence in connection with the promotion, formation or management of a company.

B 1.2.5 Termination of office

A TRUSTEE or alternate TRUSTEE shall cease to hold office if:

- B 1.2.5.1 expiry of at least 1 month's written notice of his resignation from the BOARD OF TRUSTEES;

B 1.2.5.2 being removed either by the unanimous decision of the other TRUSTEES at a duly constituted meeting of the BOARD OF TRUSTEES, or by the party which originally appointed that member;

The party which originally appointed such former TRUSTEE being either the EMPLOYERS or the MEMBERS' representatives (as the case may be) shall then appoint a TRUSTEE.

B 1.3 Powers and duties of the BOARD OF TRUSTEES

B 1.3.1 Subject to the provisions of this Rule and provided that the BOARD OF TRUSTEES shall not have the capacity to increase the MEMBERS', their employers' and/or the ADMINISTRATOR'S obligations or liabilities towards the FUND nor to diminish their rights under the RULES in any way without their (or their representatives') express agreement, the object of the BOARD OF TRUSTEES shall be to direct, control and oversee the operations of the FUND in accordance with the ACT and the RULES. In pursuing its object the BOARD OF TRUSTEES shall be empowered to conclude collective agreements in terms of the Labour Relations Act, No. 66 of 1995 (as amended), and shall:

B 1.3.1.1 take all reasonable steps to protect the interests of MEMBERS in terms of the RULES and the provisions of the ACT, at all times but especially in the event of any amalgamation or transfer contemplated in Section 14 of the ACT, splitting of the FUND, termination or reduction of contributions by any EMPLOYER, increase of contributions by MEMBERS and withdrawal of any EMPLOYER;

- B 1.3.1.2 act at all times with due care and diligence and in good faith;
 - B 1.3.1.3 avoid conflicts of interest;
 - B 1.3.1.4 act with impartiality in respect of all MEMBERS and beneficiaries.
- B 1.3.2 The duties of the BOARD OF TRUSTEES shall be to:
- B 1.3.2.1 ensure that proper registers, books and records of the operation of the FUND are kept, inclusive of proper minutes of all resolutions passed by the BOARD OF TRUSTEES;
 - B 1.3.2.2 ensure that proper control systems are employed by or on behalf of the BOARD OF TRUSTEES;
 - B 1.3.2.3 ensure that adequate and appropriate information is communicated to the MEMBERS of the FUND informing them of their rights, benefits and duties in terms of the RULES;
 - B 1.3.2.4 take all reasonable steps to ensure that contributions are paid timeously to the FUND in accordance with the provisions of the ACT;
 - B 1.3.2.5 obtain expert advice in accordance with Rule B 1.2.2.8 on matters where TRUSTEES may lack sufficient expertise;

- B 1.3.2.6 ensure that the RULES and the operation and administration of the FUND comply with the ACT and all other applicable laws;
- B 1.3.2.7 to effect POLICIES of insurance with 1 or more INSURERS for the purpose of investing the FUND'S monies in order to meet the cost of providing benefits in terms of these RULES and/or to insure, in whole or in part, the GROUP INSURED BENEFITS payable in terms of these RULES where this is deemed desirable;
- B 1.3.2.8 the FUND shall have the power to furnish a guarantee in respect of a loan by some other person to a MEMBER for the purpose referred to in Section 19(5)(a) of the ACT. Such guarantee shall be subject to the requirements of the ACT;
- B 1.3.2.9 to arrange that the fund be registered in terms of the ACT;
- B 1.3.2.10 to deal with any amounts payable by the INSURER in terms of the POLICIES in accordance with these RULES, subject to requirements that may legally be imposed by the REGISTRAR;
- B 1.3.2.11 to delegate any power of decision on any matter that is vested in them, on such terms and conditions as they may specify, to a subcommittee(s), of such of their number as they nominate. The BOARD OF TRUSTEES shall provide the sub-committee with an appropriate written mandate which sets out clearly its function, scope, authority, terms of reference, criteria or eligibility requirements and requirements

for the formation of a quorum. The decision of a sub-committee to which a power is so delegated shall be recorded in the minutes of the sub-committee meeting. This decision shall be ratified by the BOARD OF TRUSTEES in a BOARD OF TRUSTEES' meeting and shall thereafter be regarded as a decision of the FUND. It is specifically provided that the full BOARD OF TRUSTEES shall retain full responsibility for any sub-committee to whom the TRUSTEES' power of decision making has been delegated in terms of these RULES;

B 1.3.2.12 to invest, lend, put out at interest, place on deposit, make advances of, or otherwise deal with all monies of the FUND upon such securities and in such manner as they may determine from time to time, and, in particular, to invest the whole or part of the monies of the FUND, for such period and on such terms as they may determine, in an investment policy issued by an INSURER; provided the BOARD OF TRUSTEES may delegate their powers to make investments of any nature to any 1 or more of their MEMBERS, or to a financial institution or to a person approved in terms of applicable legislation at the time, and may defray expenses incurred as a result of such delegation out of the monies of the FUND;

B 1.3.2.13 to appoint an AUDITOR;

B 1.3.2.14 to appoint a LIQUIDATOR, when necessary;

B 1.3.2.15 to appoint a PRINCIPAL OFFICER of the FUND, by ensuring the following:

- (a) such person complies with the requirements stipulated in the applicable legislation;
- (b) such person is informed of his duties and responsibilities in terms of the applicable legislation; and
- (c) the REGISTRAR is informed of such appointment within 30 days of the PRINCIPAL OFFICER'S appointment date;

B 1.3.2.16 to appoint a VALUATOR (when required);

B 1.3.2.17 to provide the ADMINISTRATOR with such particulars about MEMBERS as it may require for the purposes of the FUND;

B 1.3.2.18 to make the necessary arrangements with the ADMINISTRATOR for deducting tax, where applicable;

B 1.3.2.19 to declare any personal interest in any matter under discussion and refrain from voting thereon;

B 1.3.2.20 to appoint an ADMINISTRATOR

B 1.3.2.21 in general, to take such steps as shall, in its opinion, be in the interests of the FUND.

The powers, duties and authorities of the TRUSTEES set out in these RULES shall in no way limit or usurp the generally accepted responsibilities of the TRUSTEES, including those duties set out in the Financial Institutions (Protection of Funds) Act No. 28 of 2001.

B 1.4 PRINCIPAL OFFICER

B 1.4.1 The PRINCIPAL OFFICER is the principal executive officer of the FUND appointed in accordance with Section 8 of the ACT, whose duties *inter alia* shall be to:

B 1.4.1.1 Ensure that all new and revised RULES and amendments are submitted to the relevant authorities for registration and approval.

B 1.4.1.2 Issue annual reports to all parties concerned of all rule changes.

B 1.4.1.3 Ensure that financial reports required by law are submitted to the REGISTRAR.

B 1.4.1.4 Report to the REGISTRAR if CONTRIBUTIONS are not received by the FUND by the due date.

B 1.4.1.5 Represent the FUND in all respects as far as its dealings with the REGISTRAR is concerned.

B 1.4.2 If the PRINCIPAL OFFICER is absent from the Republic of South Africa or is otherwise unable to perform his/her duties, the

BOARD OF TRUSTEES will within 30 days appoint another person to act as PRINCIPAL OFFICER for the period of his/her absence or inability.

B 1.4.3 The REGISTRAR shall be notified of:

B 1.4.3.1 all appointments of a PRINCIPAL OFFICER; and

B 1.4.3.2 terminations and/or resignations of the previous appointed PRINCIPAL OFFICER

as stipulated in the applicable legislation.

B 1.5 Meetings, minutes and accounts

B 1.5.1 The BOARD OF TRUSTEES shall meet at least once in every 3-month period and at such other times as may be required by any 2 of the 3 parties hereunder (including the ADMINISTRATOR) for the purposes of the FUND, including the resolution of disputes, after at least 15 days' notice to each TRUSTEE in respect of an ordinary meeting or a reasonable period of notice in respect of an extraordinary meeting.

B 1.5.2 If a TRUSTEE, in a personal or official capacity, has any interest which conflicts with the interests of the FUND and in that other capacity stands to gain from any matter that is being considered by the BOARD OF TRUSTEES, he shall recuse himself from the BOARD OF TRUSTEES' deliberations, and shall refrain from voting, on that matter.

B 1.5.3 Each resolution of the BOARD OF TRUSTEES shall be signed by its Chairman and recorded in the minute-book, the pages of which shall be bound in such a way as to render the withdrawal or insertion of a page impossible and shall be numbered consecutively. A written resolution approved and signed by such

TRUSTEES as would constitute a quorum in terms of Rule B 1.2.2.2, shall have the same force and effect as a resolution of the BOARD OF TRUSTEES at a duly constituted meeting of the BOARD OF TRUSTEES.

- B 1.5.4 Subject to the provisions of this Rule, the BOARD OF TRUSTEES may prescribe and vary its own rules of procedure from time to time.
- B 1.5.5 Each TRUSTEE shall have full voting rights on any matter or issue concerning the FUND or its operation.
 - B 1.5.5.1 In the event that a deadlock arises between the TRUSTEES, the matter or issue giving rise to the deadlock shall be resolved in terms of the applicable Rule or Rule B 1.5.5 (ii), with the Chairman of the BOARD OF TRUSTEES at the time of the deadlock arising (or, if the Chairman is incapacitated, the Deputy Chairman at that time) acting on behalf of the BOARD OF TRUSTEES for that purpose.
 - B 1.5.5.2 In the event that the BOARD OF TRUSTEES is for any reason unable to perform its duties hereunder, the Pension Funds Adjudicator may be approached in accordance with Chapter VA of the ACT for such decision as may be required in the circumstances, after at least 30 days' written notice to the BOARD OF TRUSTEES and/or the ADMINISTRATOR (as applicable).
- B 1.5.6 The Chairman of the BOARD OF TRUSTEES shall at all times keep a record of the full names and surname, current physical address and occupation of each TRUSTEE and shall make such information available to any TRUSTEE and to the

ADMINISTRATOR on request.

B 1.5.7 In the event that the BOARD OF TRUSTEES or a meeting of the BOARD OF TRUSTEES ceases to meet any of the requirements set out in Rule B 1.2.2, it shall cease operating for the purposes of the FUND under this Rule until it again meets those requirements (as applicable).

B 1.6 Interpretation of the RULES

In all matters relating to the interpretation of these RULES and/or the administration of the FUND, the decision of the BOARD OF TRUSTEES shall be final and binding on the FUND, the EMPLOYER and the MEMBERS, provided that such ruling is not contrary to these RULES.

B 1.7 Complaints and dispute resolution

An aggrieved party has the right to lodge a written complaint relating to e.g. the administration of the FUND and/or the investment of the FUND'S assets and/or the interpretation and application of the RULES, with the FUND or EMPLOYER. A complaint so lodged shall be properly considered and replied to in writing by the FUND or the EMPLOYER within 30 days after the receipt thereof. If the complainant is not satisfied with the reply, or if the FUND or the EMPLOYER fails to reply within 30 days after the receipt of the complaint the complainant may lodge the complaint with the Pension Funds Adjudicator as described in the ACT.

Notwithstanding anything to the contrary contained in the provisions above, the party may refer the matter for arbitration in terms of and in the manner set out in the Arbitration Act, No 42 of 1965, and according to the rules of the Association of Arbitrators (Southern Africa), provided that:

- (1) such referral takes place within 2 months of the date of the BOARD OF TRUSTEES' decision,

- (2) such matter is a competent and compellable matter for arbitration, and
- (3) the decision of the BOARD OF TRUSTEES shall remain binding during the process of arbitration.

Once the arbitration process is concluded, the decision of the arbitrator shall be binding. The payment of the cost of the arbitration shall follow the award of the arbitrator.

B 1.8 Alteration to the RULES

These RULES may be altered by the BOARD OF TRUSTEES at any time, provided that the alteration is registered by the REGISTRAR and approved by the COMMISSIONER, on the understanding that if such alterations affect the ADMINISTRATOR'S rights and liabilities, such alterations shall be binding on the ADMINISTRATOR only in so far as the ADMINISTRATOR has approved such alterations.

The PRINCIPAL OFFICER shall request the ADMINISTRATOR to notify the REGISTRAR and the COMMISSIONER officially of any alteration to the RULES and the ADMINISTRATOR shall be provided with any documents that the FUND is required to provide by law.

B 1.9 Notification to MEMBERS

B 1.9.1 The PRINCIPAL OFFICER shall notify the MEMBERS of the alterations to the RULES, at least once a year.

B 1.9.2 Every MEMBER shall, on request, be entitled to inspect these RULES at the registered office of the FUND.

B 1.10 Fidelity Insurance

The BOARD OF TRUSTEES shall ensure that a policy of insurance is in place to indemnify the FUND against all losses resulting from the dishonesty or fraud of any of the FUND'S officers (including the TRUSTEES).

The ADMINISTRATOR will maintain fidelity cover to indemnify the FUND against any loss resulting from the negligence, dishonesty or fraud of any person in its employ.

B 1.11 Expenses

The FUND undertakes to pay all expenses of the FUND and those incurred by the BOARD OF TRUSTEES in the performance of its duties in terms of the RULES. The TRUSTEES and INDEPENDENT TRUSTEES shall be entitled to such reasonable remuneration for their services to the FUND as may be determined by the BOARD OF TRUSTEES from time to time. Such fees shall be charged to the FUND.

B 1.12 Currency

Payments due to or by the FUND, shall be made at the registered office of the FUND in the currency of the Republic of South Africa; provided that the TRUSTEES may, in special circumstances, authorise payments to or by the FUND elsewhere or in such other currency as it may decide. The rate of exchange and the mode of payments shall then be determined by the TRUSTEES.

B 1.13 Financial

The BOARD OF TRUSTEES shall not have the capacity to receive or handle monies on behalf of the FUND but shall, in conjunction with the ADMINISTRATOR, cause full and true accounts to be kept of the annual income and outgo of the FUND as at the ANNIVERSARY DATE or at such other date as may be agreed between the BOARD OF TRUSTEES and the ADMINISTRATOR. the ADMINISTRATOR shall prepare such reports in respect of the FUND as may be agreed from time to time with the BOARD OF TRUSTEES.

B 1.14 Administrative

The BOARD OF TRUSTEES shall timeously discharge its duties in terms of the RULES and shall, for the purpose of discharging its duties as aforesaid, keep or cause to be kept a record of particulars of the FUND, details of MEMBERS and of any other persons entitled to benefits in terms of the RULES.

B 1.15 Unforeseen circumstances

In the event of a contingency arising which has not been provided for in these RULES, the decision of the TRUSTEES thereon, if not inconsistent with the provisions of these RULES, shall be final and conclusive.

RULE B 2 - GENERAL PROVISIONS CONCERNING BENEFITS

B 2.1 MEMBER'S CONTRIBUTIONS ACCOUNT

B 2.1.1 A MEMBER'S CONTRIBUTIONS ACCOUNT will be held in respect of each MEMBER and will contain the contributions paid in terms of Rules A 2.1, together with the investment returns credited to such contributions as described hereunder.

B 2.1.2 Subject to Rule B 2.5, the MEMBER'S CONTRIBUTIONS ACCOUNT is equal to:

B 2.1.2.1 the balance in the MEMBER'S CONTRIBUTIONS ACCOUNT at the most recent ANNIVERSARY DATE; plus

B 2.1.2.2 MEMBER contributions made in terms of Rule A 2.1 since the ANNIVERSARY DATE; plus

B 2.1.2.3 interest as declared by the BOARD OF TRUSTEES in consultation with the VALUATOR.

B 2.2 NET EMPLOYER CONTRIBUTIONS ACCOUNT

B 2.2.1 A NET EMPLOYER CONTRIBUTIONS ACCOUNT will be held in respect of each MEMBER and will contain the contributions paid in terms of Rules A 2.2, together with the investment returns credited to such contributions as described hereunder.

B 2.2.2 Subject to Rule B 2.5, the NET EMPLOYER CONTRIBUTIONS ACCOUNT is equal to:

- B 2.2.2.1 the balance in the NET EMPLOYER CONTRIBUTIONS ACCOUNT at the most recent ANNIVERSARY DATE; plus
- B 2.2.2.2 NET EMPLOYER CONTRIBUTIONS since the ANNIVERSARY DATE (if any) made in terms of Rule A 2.2; plus
- B 2.2.2.3 interest as declared by the BOARD OF TRUSTEES in consultation with the VALUATOR.

B 2.3 MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT

- B 2.3.1 The ADMINISTRATOR shall maintain a MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT for each MEMBER, which account will contain the contributions paid in terms of Rule A 2.3 together with the investment returns credited to such contributions as described hereunder.
- B 2.3.2 Subject to Rule B 2.5, the amount in the MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT will be:
 - B 2.3.2.1 the balance in the MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT at the most recent ANNIVERSARY DATE; plus
 - B 2.3.2.2 contributions made in terms of Rule A 2.3 since the ANNIVERSARY DATE; plus
 - B 2.3.2.3 interest as declared by the BOARD OF TRUSTEES in consultation with the VALUATOR.

B 2.4 EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT

B 2.4.1 The ADMINISTRATOR shall maintain an EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT for each MEMBER, which account will contain the contributions paid in terms of Rule A 2.4 together with the investment returns credited to such contributions as described hereunder.

B 2.4.2 Subject to Rule B 2.5, the amount in the EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT will be:

B 2.4.2.1 the balance in the EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT at the most recent ANNIVERSARY DATE; plus

B 2.4.2.2 contributions made in terms of Rule A 2.4 since the ANNIVERSARY DATE; plus

B 2.4.2.3 interest as declared by the BOARD OF TRUSTEES, in consultation with the VALUATOR.

B 2.5 Account Balances

B 2.5.1 The sum of the balances in the:

B 2.5.1.1 MEMBER'S CONTRIBUTIONS ACCOUNTS; plus

B 2.5.1.2 NET EMPLOYER CONTRIBUTIONS ACCOUNTS;
plus

B 2.5.1.3 MEMBER'S ADDITIONAL CONTRIBUTIONS
ACCOUNTS; plus

B 2.5.1.4 EMPLOYER'S ADDITIONAL CONTRIBUTIONS
ACCOUNTS

shall, notwithstanding anything to the contrary contained in these RULES, not exceed the value of the assets of the FUND. The balances in each of the said accounts will be adjusted proportionally to achieve equality between the said amounts at any time but at least at each ANNIVERSARY DATE.

- B 2.5.2 Notwithstanding anything to the contrary contained in these RULES, a MEMBER'S benefit under the FUND at any time, excluding the GROUP INSURED BENEFITS specified in the SCHEDULE, is limited to the MEMBER'S SHARE.

B 2.6 DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT

- B 2.6.1 The FUND shall maintain a DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT for the purposes of:

B 2.6.1.1 providing for DORMANT MEMBERS' expected MEMBER'S SHARE benefits; and

B2.6.1.2 providing for DORMANT MEMBER related FUND expenses.

- B 2.6.2 The DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT is a reserve account which may be less than the total theoretical accumulation of the DORMANT MEMBERS MEMBER'S SHARES. The quantum of a benefit paid from this account will therefore be determined by the BOARD OF TRUSTEES in consultation with the VALUATOR.

The following shall be credited to this account:

- B 2.6.2.1 amounts as determined by the BOARD OF TRUSTEES, in consultation with the VALUATOR;

B 2.6.2.2 interest, whether positive or negative, as declared by the BOARD OF TRUSTEES, in consultation with the VALUATOR.

The following shall be debited to this account:

B 2.6.2.3 a transfer to the COST ACCOUNT to cover any FUND expense (or portion of a FUND expense) associated with the DORMANT MEMBERS (provided that this cost will be calculated and expressed as a percentage of the balance in the DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT);

B 2.6.2.4 any benefit payment made to a DORMANT MEMBER in terms of these RULES;

B 2.6.2.5 any amount that the BOARD OF TRUSTEES, in consultation with the VALUATOR, requests be transferred to any other FUND account.

B 2.7 COST ACCOUNT

At the request of the BOARD OF TRUSTEES the FUND shall maintain a COST ACCOUNT.

The following shall be credited to this account:

B 2.7.1 the remainder of the EMPLOYER'S CONTRIBUTION after crediting the NET EMPLOYER CONTRIBUTIONS to each MEMBER'S NET EMPLOYER CONTRIBUTIONS ACCOUNT;

B 2.7.2 interest, either positive or negative, as declared by the BOARD OF TRUSTEES, in consultation with the VALUATOR.

The following shall be debited to this account:

B 2.7.3 the actual cost of expenses defined in the definition of NET EMPLOYER CONTRIBUTIONS;

B 2.7.4 the following FUND'S expenses (but not limited to):

- (i) actuarial fees,
- (ii) fidelity cover,
- (iii) TRUSTEES expenses,
- (iv) PRINCIPAL OFFICER expenses,
- (v) legal fees,
- (vi) REGISTRAR fees,
- (vii) audit fees; and
- (viii) any cost associated with the DORMANT MEMBERS (provided that this cost will be calculated and expressed as a percentage of the balance in the DORMANT MEMBER CONTINGENCY RESERVE ACCOUNT).

At each ANNIVERSARY DATE the credit or debit balance (whichever is applicable) in the COST ACCOUNT, shall be off-set against the balances in all the MEMBER'S CONTRIBUTIONS ACCOUNT, NET EMPLOYER CONTRIBUTIONS ACCOUNT, MEMBER'S ADDITIONAL CONTRIBUTIONS ACCOUNT and EMPLOYER'S ADDITIONAL CONTRIBUTIONS ACCOUNT in order to attain a nil balance.

B 2.8 Payments by the INSURER and FUND

All amounts which are payable by the INSURER in terms of the POLICIES are paid, subject to Rule B 2.9, to the FUND. The FUND shall effect payment, according to the instructions of the BOARD OF TRUSTEES, directly to the persons entitled thereto in terms of these RULES. This procedure, as well as the other provisions of this Rule B 2, is subject to such alternative procedures for the payment of benefits as may be agreed on from time to time by the FUND, subject to the provisions of the ACT.

B 2.9 Insurance of benefits and liability

B 2.9.1 In terms of Rule B 1.3.2.7, the FUND may effect group POLICIES in respect of all the benefits set out in these RULES. In respect of the GROUP INSURED BENEFIT, the application of the said Rule in respect of each MEMBER, is subject to the INSURER, accepting such insurance in terms of the policy of insurance issued to the FUND, and subject to the FUND paying the required premium to the relevant INSURER.

B 2.9.2 The liability of the INSURER is determined exclusively by the conditions of the POLICIES and, subject to the provisions of the POLICIES, the INSURER is not bound by these RULES or by any amendments thereto.

B 2.9.3 The liability of the FUND in respect of the payment of GROUP INSURED BENEFIT in terms of these RULES shall not be greater than the liability assumed by the INSURER.

B 2.10 Proof of age

Proof of the age of a MEMBER shall be required before any benefit in respect of such MEMBER is paid.

B 2.11 Payment of benefits

B 2.11.1 The FUND shall pay the benefits that become payable in terms of these RULES in respect of any person, to such person if he is still alive.

B 2.11.2 Where the death benefit in terms of Rule A 5 is due and the benefit is not payable to a specific DEPENDANT in terms of these RULES, the FUND shall effect payment in terms of Section 37C of the ACT.

B 2.11.3 Should a MEMBER die after the date of accrual of his:

- (i) withdrawal benefit in terms of Rule A 3; or
- (ii) retirement benefit in terms of Rule A 4; or

but prior to the payment of such benefit, the FUND shall effect payment of the benefit to the deceased MEMBER'S estate.

Notwithstanding the above, the executor of the deceased MEMBER'S estate may advise the FUND to pay such benefit as instructed by the MEMBER at the accrual date of the benefit (where applicable).

B 2.12 Deduction from benefits

B 2.12.1 Notwithstanding anything to the contrary contained in these RULES, the FUND may deduct an amount as permitted in terms of Section 37D of the ACT from:

- (i) benefits which are payable according to the RULES; and
- (ii) the MEMBER'S SHARE.

Such amounts will be paid to the persons to whom or bodies to which they are due, provided that a claim has been lodged in writing within reasonable time, as decided by the BOARD OF TRUSTEES.

B 2.12.2 Where a benefit becomes payable in terms of these RULES, the BOARD OF TRUSTEES may, if necessary, appoint tracing agents to locate the MEMBER or the deceased MEMBER'S DEPENDANT(S) and/or such other person(s) entitled thereto (as the case may be). The costs incurred in tracing such MEMBER, DEPENDANT(S) and/or such other person(s) will be deducted from the said benefit before payment is made in terms of Rule B 2.11.

B 2.12.3 Any other administrative costs arising, other than:

- (i) the agreed upon administration fee that is payable to the ADMINISTRATOR to administer the FUND; and
- (ii) the costs set out in Rule B 2.12.2 above,

will be applied to the effected group of MEMBERS and deducted from those MEMBERS' SHARES.

B 2.13 Benefits inalienable

Save to the extent permitted by the ACT, the Income Tax Act and the Maintenance Act, no MEMBER or DEPENDANT has the right to transfer, cede, pledge or hypothecate any benefit available in terms of these RULES. Such benefit and any contributions made by or in respect of the MEMBER are safeguarded against any form of confiscation under a judgement or order of a court of law, and do not vest in the estate of the MEMBER or DEPENDANT on insolvency or assignment.

B 2.14 Transfer of benefits from or to other funds

In collaboration with the MEMBER and other funds and subject to the requirements of the ACT and the COMMISSIONER, the FUND is empowered to:

B 2.14.1 receive transfers of benefits from:

- (i) APPROVED PENSION FUNDS;
- (ii) APPROVED PROVIDENT FUNDS; and
- (iii) APPROVED PRESERVATION PENSION FUNDS,

B 2.14.2 and effect transfers of benefits to:

- (i) APPROVED PENSION FUNDS;
- (ii) APPROVED PROVIDENT FUNDS;
- (iii) APPROVED RETIREMENT ANNUITY FUND; and
- (iv) APPROVED PRESERVATION PENSION FUND, provided a MEMBER'S benefit may not be split between more than 1 APPROVED PRESERVATION PENSION FUND,

on such conditions as the FUND, in consultation with the ADMINISTRATOR, may lay down.

Where transfers are received from other funds, such transfers are subject to the provisions of these RULES, unless otherwise agreed on by the parties concerned.

B 2.15 Greater benefits

Subject to any conditions that the ADMINISTRATOR and the FUND may impose, and subject to the approval of the COMMISSIONER, the EMPLOYER has the right to instruct the FUND to allocate greater benefits than those provided for in these RULES. The cost of any greater benefit shall be borne by the EMPLOYER.

B 2.16 Actuarial investigation

The VALUATOR will in accordance with the provisions of Regulation 15 of the ACT, undertake an actuarial review at least once every 3 years. Copies of the actuarial report will be furnished to both the BOARD OF TRUSTEES and the REGISTRAR within 12 months of the expiry of the period to which the review relates.

B 2.17 Financial Statements

The BOARD OF TRUSTEES shall submit the financial statements prescribed by section 15 of the ACT within 6 months of the end of every FINANCIAL YEAR to the REGISTRAR.

B 2.18 Accounts

B 2.18.1 All money received on account of the FUND must be paid into a banking account opened in the name of the FUND.

B 2.18.2 The BOARD OF TRUSTEES will cause full and true accounts of the FUND to be kept, such accounts to be made up as at the end of each FINANCIAL YEAR, be audited by the AUDITOR and submitted to the REGISTRAR.

RULE B 3 - DISSOLUTION OF THE FUND

B 3.1 Winding up of an EMPLOYER

B 3.1.1 If an EMPLOYER is wound up, whether voluntarily or not, or ceases to carry on business, then, unless a restructured company or organisation takes the place of that EMPLOYER, the interest in the FUND held by the MEMBERS in the service of that EMPLOYER shall be dissolved in accordance with Rule B 3.2 *mutatis mutandis*.

B 3.1.2 If an EMPLOYER amalgamates with, or if the control of an EMPLOYER is transferred or sold to a company or organisation not associated with the FUND, or if an EMPLOYER ceases to participate in the FUND for any reason whatsoever, the EMPLOYER may, in consultation with the BOARD OF TRUSTEES, elect:

B 3.1.2.1 that the interest of each MEMBER and beneficiary, as determined by the VALUATOR, be transferred to a new or existing APPROVED PENSION FUND, APPROVED PROVIDENT FUND, APPROVED RETIREMENT ANNUITY FUND or APPROVED PRESERVATION PENSION FUND for his benefit; or

B 3.1.2.2 to withdraw wholly from the FUND, in which event the interest in the FUND held by the MEMBERS in the service of that PARTICIPATING EMPLOYER shall be dissolved in accordance with Rule B 3.2 *mutatis mutandis*.

B 3.1.3 If an EMPLOYER is wound up for the purpose of restructuring in a similar or amended form, the restructured company or organisation shall however have the right to take the place of the EMPLOYER and if the EMPLOYER exercises that right, the FUND shall not be affected except that "EMPLOYER" shall then mean the company or organisation as restructured.

B 3.2 Dissolution of the FUND

B 3.2.1 The BOARD OF TRUSTEES must, with the REGISTRAR'S approval, appoint a LIQUIDATOR who will commence with the liquidation of the entire FUND or the interest in the FUND of the MEMBERS in the service of a certain EMPLOYER (as the case may be) in terms of this Rule B 3.2 and the ACT.

B 3.2.2 As at the TERMINATION DATE all amounts still to be debited or credited to Accounts maintained by the ADMINISTRATOR in respect of the FUND shall be so debited or credited (including any debt in terms of subsection 30(3) of the ACT and any outstanding accruals and benefits due to MEMBERS but not yet paid) and the balances in the Accounts determined. Such balances shall be applied in accordance with the provisions of Rule B 3.2.3 or Rule B 3.2.4, as the case may be.

B 3.2.3 The credit balance (if any) in the COST ACCOUNT shall be dealt with by the LIQUIDATOR in order of the following priority:

B 3.2.3.1 All credit balances in such accounts (together with any interest and bonus additions thereto after the TERMINATION DATE) shall be drawn upon to secure the rights and reasonable benefit expectations of the MEMBERS then participating in the FUND in a manner similar to that set out in Rule B 3.2.4, as may be appropriate, provided that the credit balances in

any such accounts (together with any interest and bonus additions thereto after the TERMINATION DATE) shall be reduced by the same proportion.

B 3.2.3.2 Any remaining credit balance (if any) in the COST ACCOUNT shall be used for the benefit of the MEMBERS and FORMER MEMBERS, in such manner as the LIQUIDATOR, acting on the advice of the VALUATOR, shall determine.

B 3.2.4 Each MEMBER'S equitable share of the balances in any FUND accounts (other than those referred to in Rule B 3.2.3) shall be determined and shall be dealt with by the LIQUIDATOR in the following manner:

B 3.2.4.1 the amount available for a person in receipt of a pension or prospectively entitled to a pension shall be used to purchase any annuity or a deferred annuity for him from an INSURER;

B 3.2.4.2 if a person to whom a cash amount is payable cannot be traced, the liquidator shall, subject to legal requirements, transfer the amount into an APPROVED UNCLAIMED BENEFIT PENSION PRESERVATION FUND;

B 3.2.4.3 the amount of every other MEMBER'S interest shall, with the agreement of the LIQUIDATOR, be transferred to an APPROVED PENSION FUND, APPROVED PROVIDENT FUND, APPROVED RETIREMENT ANNUITY FUND or APPROVED PRESERVATION PENSION FUND for his benefit or paid to him in cash.

B 3.2.5 A MEMBER'S total benefit in terms of Rules B 3.2.3 and B 3.2.4 shall be subject to a minimum of the MEMBER'S SHARE.

B 3.2.6 The EMPLOYER and the MEMBERS in its employ shall cease to be an EMPLOYER and MEMBERS with effect from the date on which all the payments in terms of Rule B 3.2.4 have been effected.

B 3.3 BOARD OF TRUSTEES' right to dissolve the FUND

The BOARD OF TRUSTEES may, on giving written notice to the EMPLOYERS and the ADMINISTRATOR, dissolve the FUND. In this event Rules B 3.1.2.1 or B 3.2, as shall be decided by the BOARD OF TRUSTEES, shall apply.

B 3.4 Powers of the BOARD OF TRUSTEES and the PRINCIPAL OFFICER after dissolution

If the FUND is liquidated, the offices of the BOARD OF TRUSTEES and the PRINCIPAL OFFICER shall automatically be dissolved. The LIQUIDATOR appointed in terms of Rule B 3.2.1 will settle all matters in connection with the dissolution as if the LIQUIDATOR were the BOARD OF TRUSTEES.