

FSCA Press Release

19 February 2019

FSCA fines Prime CIS (RF) (Pty) Ltd R30 000

The Financial Sector Conduct Authority (FSCA) imposed an administrative penalty of R30 000 on Prime Collective Investment Schemes Management Company Prime CIS (RF) (Pty) Ltd for contravening section 106(a) of the Collective Investment Schemes Act No.45 of 2002 (CISCA).

Prime had established a co-named portfolio with 10X Investments (Pty) Ltd (10X) described as the 10X Prime High Equity Fund (the Fund). During the period 1 February 2018 to 14 November 2018, when advertising and marketing its financial products on its website 10X made a statement that the Fund earned a 10-year performance return of 11.3% per year. This performance figure was inaccurate and misleading, in that it related to a retirement product offered by 10X. The performance of the Fund since its inception in December 2015 was 4% in the first year and 6.1% in the second year.

The FSCA was further of the opinion that Prime, being the manager responsible for the Fund complying with the CISCA, failed to ensure that the advert was not designed in a manner that would give rise to a misunderstanding, which had the potential to mislead and induce investors into dealing in a participatory interest of the Fund.

The FSCA considered as an aggravating factor that Prime's conduct indicated a lack of oversight in the publications of its co-naming partner which led to the contravention. In mitigation, the FSCA considered that Prime accepted responsibility for its actions, co-operated during the processes, rectified the contravention, and implemented measures to prevent such a contravention from occurring in the future.

A copy of the order is available on the FSCA website:

<https://www.fsca.co.za/Enforcement-Matters/Pages/Enforcement-Actions.aspx>

Ends

Enquiries: Financial Sector Conduct Authority
Email address: Communications@fsca.co.za
Telephone: 0800 203 722