



## COUNCIL FOR MEDICAL SCHEMES

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### Circular 38 of 2008

#### Investments in British American Tobacco shares (BTI)

As a result of the unbundling of Remgro and Richemont (The Rembrandt Group), a number of medical schemes now hold shares in BTI. These shares have been categorised as "foreign shares" by the South African Reserve Bank for foreign exchange control purposes.

Accordingly, it has been decided that these shares must be classified as "*shares held in territories outside the Republic*", which is category 4(b) of Annexure B read in conjunction with Regulation 30 of the Medical Schemes Act 131 of 1998 ("the Act").

Annexure B does not permit medical schemes to hold any shares in this category. Therefore, schemes which now, as a result of the unbundling of The Rembrandt Group, hold BTI shares in their portfolios, are in contravention of the provisions of Annexure B read together with Regulation 30 of the Act.

Where schemes, for exceptional reasons, are unable to dispose of their BTI shares, they are required to apply for exemption from compliance with the restrictions imposed on such shares in terms of Section 8(h) of the Act. Each scheme has to apply individually citing reasons why it is not in the best interests of its members to dispose of the BTI shares at this time.

It should also be noted that the exemptions will only be considered in respect of BTI shares held as a result of the unbundling of The Rembrandt Group. They do not apply to BTI shares acquired before or after the group's unbundling.

All applications for exemption should reach the Office of the Registrar by **30 January 2008**.

Yours faithfully

**T Maziya**  
**Head: Financial Supervision Unit**  
**Council for Medical Schemes**

Chairperson: Prof. William Pick Chief Executive & Registrar: Patrick Masobe

A STATUTORY BODY ESTABLISHED IN TERMS OF THE MEDICAL SCHEMES ACT, 1998 (ACT 131 OF 1998)