

FSCA TRUSTEE WORKSHOP 1

Financial Statements

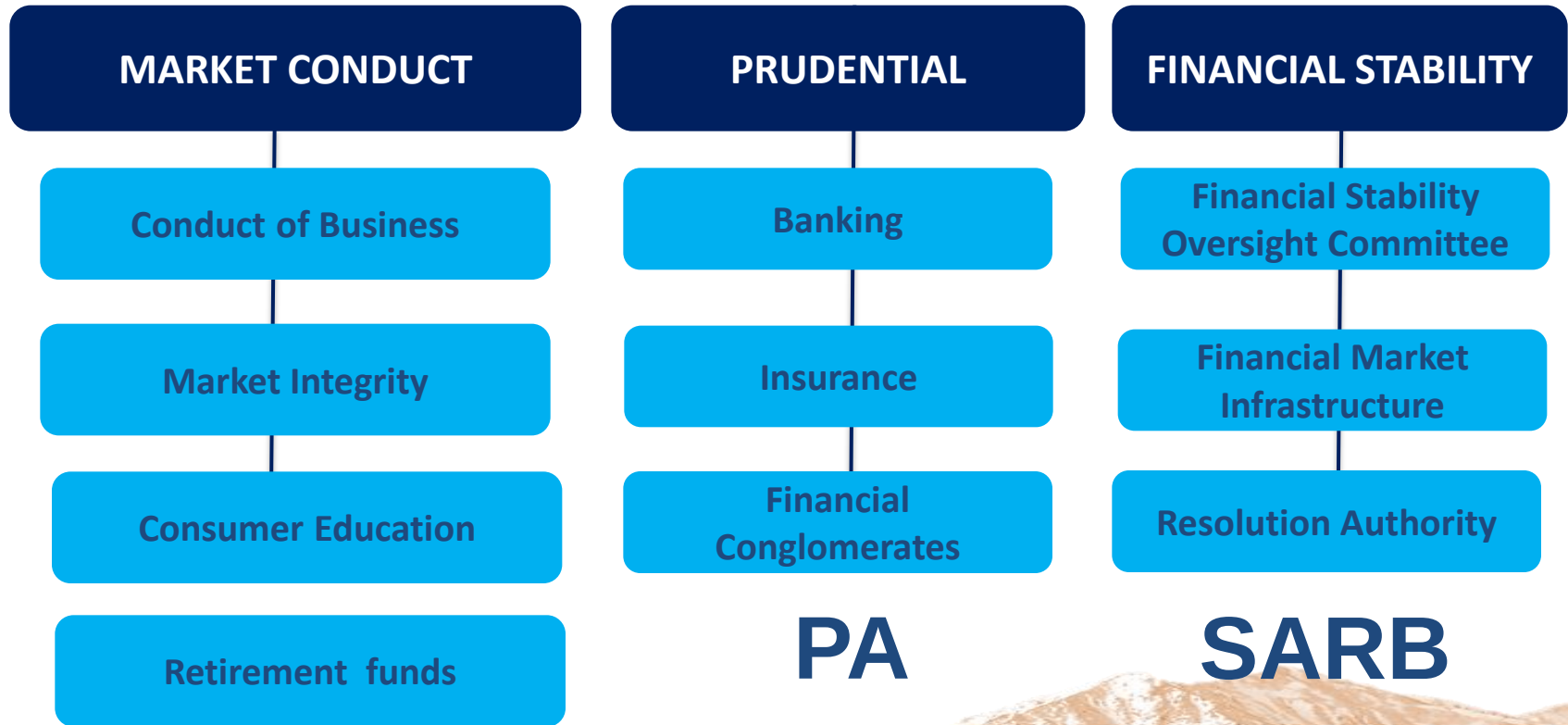
Retirement Funds

A look at retirement funds financials
A Governance and Regulatory Tool
(Financial Sector Conduct Authority)

27 May 2019

Presenter: Ms Wilma Mokupo
Head: Retirement Funds Prudential Supervision

Structure and objectives of twin peaks



FSCA

PA

SARB

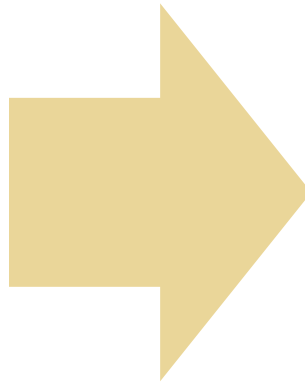
Implications for boards

- ❑ Backward-looking

- ❑ Compliance-based

- ❑ “One-size-fits-all”

- ❑ “Silo” approach



- ❑ Forward-looking

- ❑ Pre-emptive and proactive

- ❑ Outcomes-based

- ❑ Risk-based and proportionate

- ❑ Comprehensive and consistent

- ❑ Intensive and intrusive...

Implications for boards

Culture and governance

Product value

Unfair contract terms

Misleading advertising/marketing

Ineffective disclosure

Conflicted advice

Poor claims handling

Poor complaints handling

Empowered customers

Testing outcomes, rather than compliance 'tick-box'

Rebalancing of responsibilities:
Increased scrutiny of the way firms develop products;
Product provider oversight of chosen distribution channel

Fair outcomes can be achieved in different ways, through emphasising different TCF elements

AGENDA: Financial statements 101 “Back2Basics”

- ☐ Legal requirement for financial statements (contained in registered rules of the Fund and Section 15 of PF Act & prescribed format & audit requirements are contained in **Board Notice 77 of 2014**)

- ☐ **Key features of annual financial statements (9 Schedules A to I with Annexures)**
 - ☐ Schedule A: Regulatory information*
 - ☐ Schedule B: Statement of responsibility by the Board*
 - ☐ Schedule C: Statement of responsibility by the Principal officer (PO) & Deputy Principal Officer (DPO)*
 - ☐ **Schedule D: Report of independent auditor (if applicable)**
 - ☐ **Schedule E: Report of the board of Fund**
 - ☐ **Schedule F: Statement of Net Assets and Funds (Balance Sheet)**
 - ☐ **Schedule G: Statement of Changes in Net Assets and Funds (Income Statement)**
 - ☐ **Schedule HA: Notes to the financial statements**
 - ☐ Schedule HB: Report of the board of the valuator*
 - ☐ **Schedule I: Report of independent auditor (whichever is applicable to your fund)**
 - ☐ Annexures to Schedule I*:
 - ☐ Annexure A to Schedule I or “Schedule IA”: Investment schedule to the AFS + **Investment Notes**
 - ☐ Annexure B to Schedule I or “Schedule IB”: Assets held in compliance with Regulation 28
 - ☐ Regulation 28: **Audit report to Schedule IB**

- ☐ Regulatory quarterly reporting : non-compliance with Reg 28:
 - ☐ Fund level breaches of limits & non-compliance with Reg 28 Notices/ conduct standards
 - ☐ Member level breaches of limits
- ☐ **Regulatory reporting – a governance toolkit for all**
- ☐ WAY FORWARD – *what to expect in the next 12 -18 months?*
- ☐ TCF – fairer outcomes for members

Cover Page to AFS

Important points to note for boards:

- Correct fund name and FSCA registration number
- Correct reporting period in line with the registered rules of the Fund (should not exceed 16 months)
- Certain aspects not subject to audit:
 - e.g. regulatory information
 - e.g. statement of responsibility by the board
 - e.g. statement of responsibility by PO & DPO
 - e.g. report of the board
 - e.g. statement and Board
 - e.g. report by the Valuator
 - e.g. investment schedule IA “the look through” to the derivatives etc.

ANNUAL FINANCIAL STATEMENTS
IN TERMS SECTION 15 OF THE PENSION FUNDS ACT NO 24, 1956
AS AMENDED (PENSION FUNDS ACT)

NAME OF RETIREMENT FUND:

FINANCIAL SERVICES BOARD
REGISTRATION NUMBER:

For the period: to

CONTENTS

Schedule		Page	Schedule		Page
A	Regulatory information*		G	Statement of changes in net assets and funds	
B	Statement of responsibility by the Board of Fund*		HA	Notes to the financial statements	
C	Statement of responsibility by the principal officer *		HB	Report of the valuator*	
D	Report of the independent auditors (if applicable)		I	Report of the independent auditors / Board of Fund (whichever is applicable) to the Registrar of Pension Funds	
E	Report of the Board of Fund*		IA	Investment schedule pertaining to annual financial statements*	
F	Statement of net assets and funds		IB	Assets held in compliance with Regulation 28	
				Report of the independent auditors on compliance with regulation 28 to the Registrar of Pension Funds	

Schedule A: Regulatory Information*

SCHEDULE A

REGULATORY INFORMATION

For the period ended

Important points to note for boards:

- Check correctness of board, term of office, changes of board members, section 26 trustees (if applicable)
- Check correctness of service provider and the requisite status and approvals in terms of FAIS, Section 13B, auditor is recognised and approved by IRBA
- Make sure credentials of all service providers are in good standing, fit & proper in terms of various laws before appointing new ones or on renewal of mandates, contracts admin agreements etc.
- Addresses and contact details in case you need to trace them and find them when you need information or to address concerns or questions etc.

Registered office of the fund

Postal address:

Physical address:

Financial reporting periods

Current:

to

Previous:

to

<Insert reason for any change in the reporting period of the fund>

Board of Fund

Full name	E-mail address	Capacity*	Date appointed or re-appointed date (for all Board members)	Date resigned (for all Board members)

Schedule B: Statement of responsibility by the Board of Fund*

Important points to note for boards:

- DO NOT just copy and paste (make it relevant to your fund)
- The FSCA prescribed format is a guide
- Make the report applicable to your Fund
- Make sure to list all non-compliances with the PFA and the registered rules of the fund
- Make sure to list remedial action taken during the financial year.
- **The fund's first-line of defense is the Board of Fund/ Board of management/ the trustees**
- **The buck stops with the Board/ Trustees**
- **Remain accountable even if some functions are delegated (monitor service providers.**
- **Report non-compliances and corrective action taken**

SCHEDULE B

STATEMENT OF RESPONSIBILITY BY THE BOARD OF FUND For the period ended

Responsibilities

The Board of Fund hereby confirm to the best of their knowledge and belief that, during the period under review, in the execution of their duties they have complied with the duties imposed by Pension Funds Act legislation and the rules of the fund, including the following:

- ensured that proper registers, books and records of the operations of the fund were kept, inclusive of proper minutes of all resolutions passed by the Board of Fund;
- ensured that proper internal control systems were employed by or on behalf of the fund;
- ensured that adequate and appropriate information was communicated to the members of the fund, informing them of their rights, benefits and duties in terms of the rules of the fund;
- took all reasonable steps to ensure that contributions, where applicable, were paid timeously to the fund or reported where necessary in accordance with section 13A and regulation 33 of the Pension Funds Act;
- obtained expert advice on matters where they lacked sufficient expertise;
- ensured that the rules and the operation and administration of the fund complied with the Pension Funds Act and all applicable legislation;
- ensured that fidelity cover was maintained and that this cover was deemed adequate and in compliance with the rules of the fund; and
- ensured that investments of the fund were implemented and maintained in accordance with the fund's investment strategy.

Approval of the annual financial statements

Instances of non-compliance

We are not aware of instances of non-compliance with laws and regulations, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements.

OR

The following instances of non-compliance with Acts, Legislation, Regulations and Rules, including the provisions of laws and regulations that determine the reported amounts and disclosures in the financial statements came to our attention and were rectified before the Board of Fund's approval of the financial statements:

Nature and cause of non-compliance	Impact of non-compliance matter on the Fund	Corrective course of action taken to resolve non-compliance matter
<i>[Insert detail]</i>	<i>[Insert detail]</i>	<i>[Insert detail]</i>

Schedule C: Statement of responsibility by the Principal Officer*

Important points to note for boards:

- Reminder to check that duties of the PO and DPO are clearly delineated in the registered rules of the Fund and in this Report
- The FSCA prescribed format is a guide
- Make the report applicable to your Fund
- **Report non-compliances and remedial action taken**
- Report all non-compliances and remedial action as an officer bearer of the Fund
- Assist with transfer of skills, board orientation & induction
- Liaison officer of the Fund with regulator, administrator, service providers along with Chairperson of the Fund
- Monitoring function of contributions can also be delegated to the PO or DPO
- Timely signing of AFS & correspondence

SCHEDULE C

STATEMENT OF RESPONSIBILITY BY THE PRINCIPAL OFFICER

For the period ended

I confirm that for the period under review the <insert name of fund> has timeously submitted all regulatory and other returns, statements, documents and any other information as required in terms of the Pension Funds Act and to the best of my knowledge all applicable legislation except for the following (where applicable):

Specific instances of non-compliances	Remedial action taken

Schedule D: Report by the independent auditor

NAME OF RETIREMENT FUND

Important points to note for boards:

- Audit opinion only applicable to funds with assets above R50 million (funds with assets below R50 million must complete the relevant section 15 report under Schedule I (AUP) only)
- The FSCA agrees the content of the audit report with SAICA and IRBA in consultation with industry
- The audit reports is based on international standards on auditing (ISA) as identified with IRBA standards committee (CFAS) (recently revised audit reports)
- South Africa has adopted the ISAs
- The recognition and measurement of the assets and liabilities is set out in the Regulatory Reporting Requirements (RRR) Board Notice 14 of 2009 (currently being revised to bring it more in line with international reporting standards where applicable to retirement funds)

SCHEDULE D

REPORT OF THE AUDITOR TO THE BOARD OF FUND

Insert the relevant report as indicated in the matrix below:

Schedule	Category	Annexure
Schedule D 1	Large funds (<i>ordinary*</i> , <i>umbrella</i> , <i>retirement annuity and preservation funds</i>)	1

* Ordinary – any fund other than an umbrella, Retirement Annuity or Preservation Fund

SCHEDULE D

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF THE [NAME OF FUND]

Report on the Financial Statements¹

We have audited the annual financial statements of the [name of fund] (the "Fund") set out on pages [xx] to [xx], which comprise the statement of net assets and funds as at [insert date], the statement of changes in net assets and funds for the [period/year then ended], and the notes to the financial statements which include the principal accounting policies and other explanatory information. The financial statements are prepared for the purpose of reporting to the Registrar of Pension Funds.

Board of Fund's Responsibility for the Financial Statements

The Board of Fund is responsible for the preparation of these financial statements in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa. The Board of Fund is also responsible for compliance with the requirements of the Rules of the Fund and the Pension Funds Act of South Africa and for such internal control as the Board of Fund determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Schedule E: Report of the Board of Fund*

NAME OF RETIREMENT FUND

SCHEDULE E

REPORT OF THE BOARD OF FUND

For the period ended

1. DESCRIPTION OF THE FUND

1.1. Type of fund <Type of fund in terms of the Income Tax Act, 1962>

The fund is a pension fund/ pension preservation fund/ provident fund / provident preservation fund/ retirement annuity fund/ beneficiary fund/ unclaimed benefit fund and is a defined contribution/ defined benefit fund / hybrid fund.

In terms of regulation 30(2)(t) (ii) of the Regulations to the Pension Funds Act, the umbrella fund is registered as a type A or B umbrella.

NAME OF RETIREMENT FUND

REPORT OF THE BOARD OF FUND - CONTINUED

For the period ended

3. MEMBERSHIP

	Active members	Deferred pensioners	Pensioners	Beneficiaries	Unclaimed benefits
Numbers at beginning of period					
Adjustments					
Additions					
Transfers in					
Transfers out					
Withdrawals					
Retirements					
Retrenchments				N/a	N/a
Deaths				N/a	N/a
Transfers (from)/to pensioners / deferred pensioners					N/a
Unclaimed Benefit paid					
Numbers at end of period					
Number at end of period (South African citizen)					
Number at end of period (non-South African citizen)					

<Insert a description of the reasons for any significant movement in membership> *Example: The majority of the members shown as 'transferred in' relates to new participating employers entering the fund.*

Adjustments
<Insert an explanation for adjustments to the membership recon> *Example: The adjustments relate to 6 late withdrawals.*

Important points to note for boards:

- Everything you the reader needs to know about **Your fund** “at a glance”
- Proper description of the Fund
- Rule amendments
- **NB: Investment strategy of your Fund (summary of the Fund's IPS)**
- Membership movements **NB: adjustments & reasons for these**
- Significant matters
- **Subsequent events** (from financial year end to date of signing)

Schedule F: Statement of Net Assets and Funds

Important points to note for boards:

- Non-current assets (plant & equipment, investments in participating employer, housing loans facilities, etc.)
- Current assets (transfers receivable, contributions receivable, cash at bank etc.)
- Member funds & surplus accounts (accumulated funds, transfers)
- Reserves
- Current liabilities (transfers payable, benefits payable, accounts payable, contributions payable, etc.)
- **Avoid bank overdraft**

SCHEDULE F

STATEMENT OF NET ASSETS AND FUNDS

At _____

ASSETS

Non-current assets

Plant and equipment
Investments (including investment and owner occupied properties)
Housing loan facilities
Surplus improperly utilised receivable

Current assets

Transfers receivable
Accounts receivable
Contributions receivable
Cash at bank
Surplus improperly utilised receivable

Total assets

$$I(A) = I_1 + I_2 + \dots + I_n$$

Notes	Current period R	Previous period R
1		
2		
3		
22		
5		
4		
12		
22		

Schedule G: Statement of Changes in Net Assets and Funds

Important points to note for boards:

- Contributions
- Reinsurance proceeds
- Net investment income
- Other income
- Reinsurance premiums
- Administration expenses
- Transfers
- Benefits
- Reserves
- **NB: monitor these items via the quarterly cash-flow statements presented at board meetings by the administrator (compare)**
- FSCA considering submission of cash-flow statements (monthly or quarterly to monitor charges etc.)

SCHEDULE G

STATEMENT OF CHANGES IN NET ASSETS AND FUNDS

For the period ended ...

	Notes	A Members' individual accounts & amounts to be allocated/ Accumulated funds R	B Reserves Refer notes 6 and 21 R	A + B Total Current period R	Total Previous period R
Contributions received and accrued	12				
Contributions transferred from reserve accounts	21				
Contributions transferred from surplus accounts	21				
Surplus improperly utilised	22				
Reinsurance proceeds					
Net investment income	13				
(less) Allocated to unclaimed benefits					
Other income (<i>provide details</i>)	13.1				
Less:					
Re-insurance premiums					
Administration expenses	14				
Retirement fund taxation	11				
Net income before transfers and benefits					
Transfers and benefits					
Transfers from other funds	5				
Transfers to other funds	7				
Benefits	8				
Net income after transfers and benefits (carried forward)					

Schedule HA: Notes to the financial statements

Important points to note for boards:

- **Excellent monitoring tool for boards** (details provided to ensure adherence to mandates, contracts etc.)
- Principle accounting policies of your fund
- Financial instruments
- Investments
- Collective Investment schemes
- Insurance policies....
- **Property (direct & indirect)**
- **Derivatives (yes/ no) require “know-how”**
- **Asset impairments**
- Provisions e.g. for recoveries
- Dividends
- Transfers (movements)
- Unclaimed benefits (movements)
- Net investment income (**includes charges/ fees**)
- **Administration expenses** (check if in line with fund expense policy, check proper disclosure & large amounts/ leakages, value for money for members, etc.)
- Risks (legal, credit, **liquidity**, currency, cash flow etc.) **DO NOT CUT & PASTE THESE ITEMS**
- **Related party interests** Note the actual Rand amounts)

Investments extract from Annual Financial Statements

Notes to the AFS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

2 Investments

2.1 Investment summary

		A	B	A+B				
		Local	Foreign	Total	Total	Fair value	Amortised	Categorised
	Notes			Current	Previous	Current	cost	per
		R	R	period	period	period	Current	Regulatory
				R	R	R	period	Framework
							R	
Cash								
Commodities								
Debt Instruments including Islamic debt instruments								
Investment properties and Owner occupied properties*	2.3							
Equities (including demutualisation shares)**								
Insurance policies***								
Collective investment schemes								
Hedge funds								
Private equity funds								
Investment in participating employer(s)	2.2							
Derivative Market instruments								
Other assets								
Total investments								

* The land and buildings consist of an office block situation on stand ... The land and buildings were revalued by an independent valuator. The valuation was performed as at xxx. The valuator used the following assumptions in determining the fair value of the land and buildings..... The fair value was determined directly by reference to observable prices in an active market. If the land and buildings had been carried at the cost model, the value of the land and buildings would have been R xxx.

Investments extract from Annual Financial Statements

Notes to the AFS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

2 Investments - continued

2.2 Investments in participating employer/s

	A	B	C	D	E	A+B-C+D+/-E
	At beginning of period	Additions	Repaid/ Disposals	Interest capitalised	Other adjustments	At end of period
	R	R	R	R	R	R
Cash						
Commodities						
Housing Loans						
Debt Instruments including Islamic debt						
Equities						
Investment properties and Owner Occupied Properties						
Hedge Funds						
Private equity Funds						
Other (provide details)						
TOTAL						

<Insert paragraph to explain the terms of the loans and the security given>

- Less than 5%
- Greater than 5% - approved
- Greater than 5% - not approved

<insert paragraph to explain approvals listed above given by the Registrar of Pension Funds for the investments in the participating employers>

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

2.3 Investment properties and Owner Occupied Investments

2.3.1 Current Period

[illegible]

Investments extract from Annual Financial Statements

Notes to the AFS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

3 Housing loan facilities

3.1 Housing loans

A	B	C	D	E	A+B-C+D+/- E
At beginning of period	Granted	Repaid	Interest capitalised	Other adjustment s	At end of period
R	R	R	R	R	R

Loans granted in terms of the rules of the fund and section 19(5) of the Pension Funds Act (*provide details*)

TOTAL

<insert paragraph explaining the terms of the loan and the security given>

(*Example: The fund has granted housing loans, limited to xx% of the relevant member's withdrawal benefit, in terms of the rules of the fund and Section 19(5) of the Pension Funds Act. Each loan is secured by the benefit of the respective member and / or a mortgage bond over the property registered in favour of the fund. The loans bear interest at the prime overdraft rate less xx% and are repayable in equal monthly instalments.*)

3.2 Housing loan guarantees

- The fund has granted guarantees to (Institution) for loans granted to XX members of the fund. The guarantees amounted to R.....
- The amount of the guarantee may not exceed% of the benefit that a member would receive in terms of the rules of the fund and Section 19(5) of the Pension Funds Act if he or she had to terminate membership to the fund voluntarily.
- The total housing loan guarantee facility available to the fund is R xxx and is renewable on <insert date>.

Investments extract from Annual Financial Statements

Notes to the AFS

NOTES TO THE FINANCIAL STATEMENTS – CONTINUED

For the period ended ...

23 Amounts to be allocated

	Current period R	Previous period R
Surplus to be apportioned		
Investment return to be allocated		
Other (provide details)		
Total amounts to be allocated		

(Provide details of amounts not allocated to member individual accounts)

Schedule HB: Report of the valuator*

SCHEDULE HB

REPORT OF THE VALUATOR (when the fund is not valuation exempt)

Important points to note for boards:

- Statement on net assets
- Actuarial value
- Contingency reserves
- Methodology
- Actuarial basis
- Statement on financial soundness of fund
- Additional remarks

Particulars of financial condition of the fund

Statutory valuation as at <insert date>.

Insert interim valuation if statutory valuation was not yet performed

1. Net assets available for benefits are^(a).
2. The actuarial value of the net assets available for benefits, for the purposes of comparison with the actuarial present value of promised retirement benefits.
3. The actuarial present value of promised retirement benefits^(b), split into vested^(c) and non-vested benefits.
4. Contingency reserve account balances.
5. Details of the valuation method adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
6. Details of the actuarial basis adopted (including that in respect of any contingency reserve) and details of any changes since the previous summary of report.
7. Any other particulars deemed necessary by the valuator for the purposes of this summary.
8. A statement as to whether the fund was in a sound financial condition for the purposes of the Pension Funds Act.

Prepared by:

Schedule I: Report of the independent auditors*

Agreed upon procedures (the AUP)

Important points to note for boards:

- Prepared by and signed off by a registered auditor
- Based on agreed upon procedures (AUP) to be performed by a registered auditor who signs a **factual findings report** after performing certain “tests” e.g. on contributions e.g. investments e.g. benefits e.g. transfers and other high risk areas identified by the FSCA from time to time
- **This is not an audit of the financial statements** (Schedule D above contains the audit opinion & is only applicable to funds with assets of R50 million or more)
- Governance tool for boards as part of monitoring function
- Board can monitor these items pro-actively on quarterly basis and raise questions on administrator reports

SCHEDULE I

REPORT OF THE INDEPENDENT AUDITOR OF [NAME OF FUND] OF FACTUAL FINDINGS TO THE BOARD OF FUND AND THE REGISTRAR OF PENSION FUNDS

We have performed the procedures agreed with the Registrar of Pension Funds (the “Registrar”) and set out below with respect to the audited financial statements (“annual financial statements”)¹ and other information in the general ledger and management information comprising the accounting records of the [name of fund] (the “Fund”) for the [period/year] ended [insert period/year-end]. Our engagement was undertaken in accordance with the International Standard on Related Services (ISRS) 4400 *Engagements to perform agreed-upon procedures regarding financial information*. Our procedures were performed solely to assist the Registrar in evaluating whether any instances of non-compliance with the requirements of the relevant sections of the Pension Funds Act of South Africa (the Act), regulations and rules of the Fund were identified. The responsibility for determining the adequacy or otherwise of the procedures agreed to be performed, is that of the Registrar.

Procedures and findings

Our procedures performed are set out in the numbered paragraphs (not bold) in the attached table, which forms part of our report, together with our findings thereon. Unless otherwise indicated, all balances, lists, schedules etc. referred to in the table relate to the accounts/balances reflected in the annual financial statements of the Fund for the [period/year] ended [insert period/year-end].

Because the procedures do not constitute an audit, a review or other assurance engagement performed in accordance with the IAASB’s International Standards we do not express any assurance. Had we

Procedures and Findings

	Procedures	Findings
	Statement of Net Assets and Funds	
1	Investments	
1.1	Inspect the list of investment balances reflected in the general ledger of the Fund as at [insert period/year-end date] for any investments in accordance with the terms of section 19(4) of the Act.	
1.1.1	Agree details of the written confirmations obtained from the investment managers/insurers to the investment balances reflected in the general ledger.	Details of the written confirmations obtained from the investment managers/insurers were [agreed/not agreed] to the investment balances reflected in the general ledger. [Provide details of exceptions]
1.1.2	Where investments held in the participating employer exceed 5% of the total assets as reflected in the financial statements, inspect the appropriate approval of the Registrar.	The Fund [had/did not have] the appropriate approval of the Registrar (or not applicable – either where such investments are not held, or where the holding did not exceed 5% of the total assets as reflected in the financial statements). [Provide details of exceptions]
1.2	Obtain the signed investment policy statement and, where applicable, the portfolio management agreement/investment mandate between the Fund and the investment administrator(s), and perform the following procedures on a sample of 10 mandates	

Schedule IA: Investment schedule pertaining to the annual financial statements*

Important points to note for boards:

- **Look-through** tool on investments especially derivatives and non-compliant CIS and Insurance policies
- Derivatives not an asset but a hedging instrument (cost efficiency, effective portfolio management)
- No look-through required for hedge funds and private equity because seen as the final asset in Reg 28 **NB: structures are important** such as bewindt trusts, en commandite partnerships, OEIC) see Notices & Conduct standards issued by FSCA/ FSB
- **Extensive investments Notes as a governance & monitoring tool Note A to P)**
- **Non-compliance checks against Reg 28 limits:**
 - Spilt between local & foreign investments
 - Complaint vs non-complaint investments

SCHEDULE IA – INVESTMENT SCHEDULE

At

Investments¹[illegible]

Investments extract from Annual Financial Statements

Notes to the Investment schedule

B COMMODITIES

Instrument	Local or foreign	Holding number	% Holding	Fair value R
Gold (including Kruger Rands) List issuers/entities which exceeds 5% of total assets				
Other (provide details)				
Total Commodities				

Full details of buy-back transactions in respect of Kruger Rands must be furnished.

C DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS

Instrument	Local or Foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R	Fair value R
Government debt: Debt instruments issued by an loans to the government of the Republic and any debt or loan guaranteed by the Republic List issuers/entities which exceeds 5% of total assets					
Debt instruments issued or guaranteed by the government of a foreign country: List issuers/entities which exceeds 5% of total assets					
Bank debt : Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-					
Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets					

Notes to the Investment schedule

C **DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS (continued)**

Instrument	Local or Foreign	Secured/ Unsecured	Issued/ Guaranteed	Redemption value R	Fair value R
Public debt: Debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-					
Airports Company of South Africa Limited					
Development Bank of South Africa					
ESKOM					
Industrial Development Corporation of South Africa					
Land and Agricultural Development Bank of South Africa					
Trans – Caledon Tunnel Authority					
Transnet Limited					
The South African National Roads Agency Limited					
Rand Water					
Umgenti Water					
Corporate debt (excluding debentures): Debt instruments issued or guaranteed by an entity that has equity listed on an exchange					
Listed on an exchange List issuers/entities which exceeds 5% of total assets					
Not listed on an exchange (provide details)					
Debentures:					
Listed on an exchange List issuers/entities which exceeds 5% of total assets					

Investments extract from Annual Financial Statements

Notes to the Investment schedule

D INVESTMENT AND OWNER OCCUPIED PROPERTIES

Instrument	Local/ Foreign	Fair value R
Owner occupied properties - List issuers/entities which exceeds 5% of total assets		
Investment properties - List issuers/entities which exceeds 5% of total assets		
TOTAL		

Instrument	Local/ Foreign	Issued shares	Holding number	Ordinary/ Preference shares	% Holding	Fair value R
Shares and linked units in property companies, or units in a collective investment scheme in property, listed on an exchange: Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets Issuer market capitalisation of between R3 billion and R10 billion, or an amount						

E EQUITIES

Instrument	Local/ Foreign	Issued shares	Ordinary/ Preference shares	Holding number	Holding in issuer/ entity %	Fair value R
Listed equities Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed List issuers/entities which exceeds 5% of total assets						

Investments extract from Annual Financial Statements

Notes to the Investment schedule

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

F SECURITIES LENDING

Securities on lend	Maximum of Fair value of security	Transaction date	Collateral	Fair value R	No. of shares lent	Name of counter party	Scrip custodian	Manufactured dividend R
Equities – Top 100 of companies (by market cap) listed on an exchange	75%							
Other listed equities (provide details)	50%							
Debt – Government bonds	75%							
Other listed debt instruments (provide details)	50%							
Money Market Instruments issued by a South African bank, including an Islamic liquidity	75%							
TOTAL								

Included in the value above are the following scrip lending transactions:

List and describe your scrip lending mandates

Name of lender	Description	% of total assets	Value of transaction R
----------------	-------------	-------------------	---------------------------

Total

Investments extract from Annual Financial Statements

Notes to the Investment schedule

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

G DIRECT DERIVATIVE MARKET INSTRUMENTS

G1 DERIVATIVE POSITIONS WITHOUT RESIDUAL RISK

Instrument Notes 1,2 & 3	Local or Foreign	Listed or Unlisted	Strike price	Cost or Premium	Fair value	Effective Economic Exposure		Potential Loss	Potential Gain	Exchange rate	Fixed rate or Variable rate	Counter- party	Counter- party %	Expiry date	Holding number	Holding %
						Gross	Nett									
Options e.g. put or call							-									
Futures/ Forwards/ SAFEX							-									
Currency swaps							-									
Interest rate swaps							-									
Forward rate agreements							-									
Equity linked instruments							-									
Other (Provide details)							-									
TOTAL							-									

Notes:

1. Describe valuation methodology of instruments
2. Explain changes in assumptions (if any changes from previous period)
3. List all non-compliance(s) with the Notices

Investments extract from Annual Financial Statements

Notes to the Investment schedule

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

I **OTHER ASSETS**

Instrument	Local or foreign	Holding number	% Holding	Fair value R
(provide details)				
Total other portfolio assets				

J **HEDGE FUNDS**

Instrument	Local or Foreign	Structure	% Holding	Leverage/ Gearing	Term of contract	Period into contract	Total value of commitment R	Current value of commitment R
Hedge Funds (Provide details)								
Funds of Hedge Funds (Provide details)								
Total Hedge funds commitment								

The Hedge fund structure will be classified as:

Partnerships

Trusts

- Other - Section 5(2)(e)

Investments extract from Annual Financial Statements

Notes to the Investment schedule

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

K **PRIVATE EQUITY FUNDS**

Instrument	Local or Foreign	Structure	Category 2 approval	FAIS approval number	% Holding	Term of contract	Number of permitted drawdowns as per contract	Number of permitted drawdowns exercised	Number of drawdowns exceeded (if any)	Total value of commitment R	Current value of commitment R
Private Equity Fund (Provide details)											
Funds of Private Equity Fund (Provide details)											
Total Private Equity funds commitment											

The Private Equity funds structure will be classified as:

- Partnerships
- Trusts
- Other - Section 5(2)(e)

Notes to the Investment schedule

NAME OF RETIREMENT FUND

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

L CERTIFIED REGULATION 28 COMPLIANT INVESTMENTS

Instrument	Local or Foreign	Fair value R
Collective Investment Schemes – regulation 28(8)(b)(i)		
Linked policies – regulation 28(8)(b)(ii)		
Non Linked policies – regulation 28(8)(b)(iii)		
Regulated entities – regulation 28(8)(b)(iv)		
Total certified Regulation 28 compliant investments		

Note 1:

List issuers/entities which exceeds 5% of total assets

M REGULATION 28 NON COMPLIANT INVESTMENTS

M1 Non-compliant Collective investment schemes

Instrument	Local or Foreign	% Holding	Fair value R
Collective Investment Schemes (provide details)			
Total Non-compliant Collective investment schemes			

M2 Non-compliant Insurance policies

Instrument	Local or Foreign	% Holding	Fair value R
Linked Policies (provide details)			
Non-linked policies (provide details)			
Total Non-compliant Insurance policies			

List all non-compliance(s) with the Notices

Investments extract from Annual Financial Statements

Notes to the Investment schedule

NOTES TO THE INVESTMENT SCHEDULE - CONTINUED

At

O ENTITY/ COUNTERPARTY EXPOSURE

Credit / counter party risk

Counter party	Direct investment in counter party R	Deposit/liquid asset with counter party R	Securities lending transactions R	Open financial instruments mark to market value R	Guarantees R	Any other instrument R	Total per Counter Party R	Exposure as fair value
Banks								
- List per bank								
Asset managers – local								
- List per asset manager								
Asset managers – foreign								
- List per asset manager								
Insurance Companies								
- list per insurance company								
Participating employers								
- List per participating employer*								
Other								
- List								

- Investment value must be the value determined according to the regulatory reporting requirements for retirement funds.
- Including investments in participating employer, arrear contributions, amounts due to the fund in terms of section 18 and any amounts utilised improperly.

Investments extract from Annual Financial Statements

Notes to the Investment schedule

Market risk

EQUITY HOLDINGS

List the 10 largest rand-value equity holdings

Investment	Fair value at end of period R	Open financial instruments marked to market value R	Total fair value equity holdings and open instruments R	Market movement by 5%
Total value of 10 largest equity holdings				
Total movement as % of non-current assets plus bank				

OTHER FINANCIAL INSTRUMENTS

List the 10 largest rand-values other financial instruments

Instrument	Holding	Fair value at end of period R	Market movement by 5% R
Total value of 10 largest other instruments			
Total movement as % of non-current assets plus bank			

Foreign currency exposure

Foreign instruments	Description	Fair value at end of period R	Market movement by 5% R
List instruments here			
Total value of foreign instruments			
Total movement as % of non-current assets plus bank			

Hedging portfolio

Hedged item per category	Hedging instrument	Marked to market profit/loss R	Disclosure

Schedule IB: Assets held in compliance with Regulation 28

Important points to note for boards:

- Asset spreading requirements check against the limits set in Reg 28
- Overall limit per asset class (also see SARB quarterly asset allocation reports)
- Sub-limits per issuer, entity or counterparty (check concentration risk) local & foreign classifications:
 - Cash (deposits & money market < 12 months)
 - Equities
 - Immovable property
 - Commodities (Krugerrands, ETFs, Gold)
 - Investment in business participating employer (read with section 19(4) of PF Act)
 - Hedge funds
 - Private equity
 - Other (not listed above)
- **NB: Investment Summary (breaches, notes on exemptions granted by FSCA , etc.)**

SCHEDULE IB

ASSETS HELD IN COMPLIANCE WITH REGULATION 28

As at...

Fair value
R

A Total assets (Schedule IA -Total investments)

B1 Less: Reg 28 compliant investments

(certificate received from issuing entity):-

B.1.1 Collective Investment Schemes (Reg 28(8)(b)(i))

B.1.2 Linked Policies (Reg 28(8)(b)(ii))

B.1.3 Non-Linked policies (Reg 28(8)(b)(iii))

B.1.4 Entity regulated by FSB (Reg 28(8)(b)(iv))

B2 Less: Reg 28 Excluded investments

B.2.1 Insurance Policies (Reg 28(3)(c))

C Less: Investments not disclosed /data not available for disclosure [Refer Schedule IAN]

D TOTAL ASSETS for REGULATION 28 DISCLOSURE

Investments extract from Annual Financial Statements

Regulation 28 INVESTMENT SUMMARY

SCHEDULE IB – CONTINUED

ASSETS HELD IN COMPLIANCE WITH REGULATION 28

As at.....

INVESTMENT SUMMARY (REGULATION 28)

	Local	Percentage of Fair value	Foreign (Excluding Africa)	Percentage of Fair value	Africa	Percentage of Fair value	Total
	R	%	R	%	R	%	R
1 Balances or deposits, money market instruments issued by a bank including Islamic liquidity management financial instruments							
2 Debt instruments including Islamic debt instruments							
3 Equities							
4 Immovable property							
5 Commodities							
6 Investment in the business of a participating employer							
7 Housing loans granted to members - section 19(5)							
8 Hedge Funds, private equity funds and any other assets not referred to in this schedule							
9 Fair value of assets to be excluded in terms of sub-regulations 3(c) and (8)(b) of Regulation 28							
10 Investments not disclosed/data not available for disclosure							
TOTAL (equal to the fair value of assets)							

Report of the independent auditor on compliance with Regulation 28 (Schedule IB audit report recently revised with IRBA)

Important points to note for boards: SCHEDULE IB

- Based on International Auditing Standard as agreed with IRBA and industry
- Auditor performs recalculation of compliance with the limits
- Types of audit reports:
 - Unqualified report (**clean audit** but may include an EOM emphasis of matter to bring something to the attention of the board or FSCA)
 - Qualified audit opinion
 - Disclaimer (no opinion expressed e.g. insufficient information etc.)
 - **Adverse opinion**
- **New Reg 28 audit report approved by IRBA/ FSCA will contain a dual opinion on:**
 - Basis of preparation of the Schedule IB
 - Audit opinion on the Fund's compliance with all the Reg28 limits
 - EOM on soft breaches or non-discretionary breaches (market movements) and where rectifications were done within the 12 months)

INDEPENDENT AUDITOR'S REPORT ON ASSETS HELD IN COMPLIANCE WITH REGULATION 28 TO THE BOARD OF FUND

We have audited Schedule IB "Assets held in compliance with Regulation 28" of [name of fund] (the Fund) at 20XX (the Schedule) for compliance with the requirements of Regulation 28 of the Pension Funds Act of South Africa (the Regulation), as set out on pages [xx] to [xx]. Our engagement arises from our appointment as auditor of the Fund and is for the purpose of assisting the Board of Fund to report to the Registrar of Pension Funds (the 'Registrar').

The information contained in Schedule IB has been extracted from the Fund's underlying accounting records that were the subject of our audit engagement on the annual financial statements and forms the subject matter of this engagement. Our audit of the annual financial statements of the [name of fund] for the year ended [xxxx] was conducted in accordance with International Standards on Auditing and in our report of [insert date] we expressed an unmodified opinion¹ on the financial statements, prepared, in all material respects, with the Regulatory Reporting Requirements for Retirement Funds in South Africa.

The Board of Fund's Responsibility for the Schedule

The Board of Fund is responsible for the preparation of the Schedule in accordance with the Regulatory Reporting Requirements for Retirement Funds in South Africa and in compliance with the

Reg 28 asset spreading limits

	Per Issuer/ Entity limit	TOTAL LIMIT
CASH	25%	100%
GOVT DEBT		100%
BANK DEBT	25/15/10/5	75/25
CORP DEBT	10/5	50/25
EQUITY	15/10/5/2.5	75/10
PROPERTY	15/10/5/5	25/15
COMMODITIES	10/5	10%
PART. EMPLOYER		5/10
HOUSING LOANS		95%
HEDGE FUNDS	5/2.5	10%
PRIVATE EQUITY	5/2.5	10%
AFRICA		5%
FOREIGN	FSCA SUB LIMITS PER ASSET CLASS	SARB LIMIT 30% (includes 5% AFRICA)
OTHER		2.5%
OVERALL LIMITS	UNLISTED, ALT. ASSETS	35%

A Governance and Regulatory Tool

Various scenarios presented to the “registrar” in 2011 with the advent of the revisions to regulation 28

Scenario 1:

More than 80% of our fund is not compliant at member level

Our Fund operates mainly in the segregated or specialist mandates space

This is mainly in the RA & preservation fund space (grandfathered policies mainly)

Scenario 2:

Our Fund is at least 60% compliant at member level

Less than 5% of our portfolios/ member offerings are non compliant

Our administrators are reviewing their business models, systems, etc.

Should be fully compliant by end Quarter 2 of 2012? **What is the status quo almost 9 years later?**

Mainly occupational – based funds

Scenario 3:

Our Fund is 100% compliant at member level

All investment offerings/ choices have been reg 28 compliant

This provides our members with greater protection and diversification from the start

Is there a need for another stock taking? Out of mandate trades and wrong codifications have declined. Reported breaches mainly of non-discretionary nature e.g. market movements... What is not being reported?

A Governance and Regulatory Tool

List of in-force Regulation 28 Notices that may be withdrawn in future and replaced with *conduct or prudential standards* under the FSR Act or replaced with *financial instruments* under the COFI Bill once in force:

- ☐ **2011**
 - ☐ Notice no.1 of 2011 – Transitional arrangements: time to adjust monitoring & reporting systems
 - ☐ Notice no.2 of 2011 - Transitional arrangements: exemption reg 28(3)(j) quarterly reporting instead of reporting to Registrar “without delay”
 - ☐ Notice no.3 of 2011 – Prescribed format for quarterly non-compliance (breach) reports
 - ☐ Notice no.4 of 2011 – Public entities for purposes of paragraph 2.1(d)
- ☐ **2012**
 - ☐ Notice no.1 of 2012 – Conditions for investments in private equity funds, approval in terms of section 5(2)(e)
 - ☐ Notice no.2 of 2012 – Conditions for securities lending
 - ☐ Notice no.3 of 2012 – Quarterly non-compliance reporting (30 days)
 - ☐ Notice no.4 of 2012 – Implementation date for pension funds to be compliant with the conditions for securities lending transactions
 - ☐ Notice no.5 of 2012 – Conditions for investments in private equity funds
 - ☐ Notice no.6 of 2012 – Replacing the format of quarterly reporting & 90 days submission deadline
 - ☐ Notice no.8 of 2012 – Classification of Eskom guaranteed bonds par 2.1(a)
 - ☐ Notice no.9 of 2012 – exemption from 25% per issuer limit for funds in liquidation, transfers, benefits payable, contributions, etc.
- ☐ **2013 – n/a**
- ☐ **2014**
 - ☐ Notice no.1 of 2014 – exemption for pension funds investing in assets on the stock exchanges which is no longer a full member of the WFE (World Federation of Exchanges)
 - ☐ Notice no.2 of 2014 – exemption from Regulation 28(8)(b) requirements for audit confirmation of compliance with regulation 28 where the FYE of insurer, CIS and fund differs
- ☐ **2015 – n/a**
- ☐ **2016 – n/a**
- ☐ **2017**
 - ☐ Notice no.1 of 2017 – exemption in respect of debt instruments issued by a South African bank where the bank itself is not listed but the holding company is listed

A Governance and Regulatory Tool

Regulation 28 (adherence to the asset spreading requirements):

- **9 Principles**

- (i) Promote trustee education iro PF investments, governance & related matters;
- (ii) Monitor compliance with Reg28 by its advisors & service providers;
- (iii) In contracting services consider B-BBEE;
- (iv) Ensure fund's assets appropriate for liabilities (ALM);
- (v) Perform due diligence, risk analysis before contracting e.g. credit, mkt & liquidity risks, operational risk for assets not listed on an exchange, etc..
- (vi) Before making contractual commitment in 3rd party managed foreign asset or in foreign asset, perform reasonable due diligence iro currency risk & sovereign risks etc..
- (vii) In risk analysis take credit rating into account (but not sole criteria & not to exclusion of fund's own due diligence)
- (viii) Understand changing risk profile of assets of fund over time through comprehensive risk analysis e.g. credit risk, mkt risk, liquidity & operational risk, currency risk, geographic & sovereign risk of foreign assets;
- (ix) Consider any other factors that may materially affect sustainable LT performance of fund assets incl. Environmental, social & governance factors (ESG)

Retirement funds investments: Regulation 28

A Governance Tool for Boards and Investments board sub committees

Financial statements, statistics, reports (schedule IB audit report > NAV R50m)

Regulation 28 asset spreading requirements

It has crucial information on investment activities of your fund (Schedule E, Notes to the financials, schedule IA on look through where required and Schedule IB reports)

Use regulatory reports & other financial info as a Governance Tool

Have direct access to your auditor with regards to fund financials, when necessary

Engage auditor & ask for assistance with interpretation issues around Regulation 28

Seek independent legal advice if the costs justify it (cost v benefit)

The IPS - Investment Policy Statement

A Governance Tool for Boards and Investments board sub committee

Boards by now you should have considered following when developing IPS:

- Current investments
- Degree of risk tolerance**
- Volatility of contributions
- Current & future liabilities
- Structure of your fund DB or DC or hybrid**
- Liquidity & cash flow requirements
- Maturity of your fund**
- Profile of your members & beneficiaries

Essential elements of an IPS:

- Asset mix & expected rate of return**
 - Categories of investments e.g. list of acceptable derivative instruments to be used by the fund, if any) (see Notice conditions for the use of derivatives by retirement funds)
 - Diversification
- Liquidity requirements**
 - Pledging & borrowing of fund assets (exercise extreme care)
 - Securities lending (see Notice containing conditions)
- Management fees & compensation**
 - ESG (environmental, social & governance factors)
 - Voting rights (transformation)
- Valuation procedures**

Retirement funds investments: Regulation 28

A Governance Tool for Boards and Investments board sub committees

WHAT BOARDS NEED TO ASK THEIR INVESTMENT/ ASSET MANAGERS & CONSULTANTS?

- What processes & procedures are we going to insist on ?
- Do we take a more active interest in proxy voting (e.g. via securities lending)? How has our asset manager(s) been voting on our fund's behalf, if at all?
- How do we rewrite our management agreements & mandates with our asset managers?
- How regularly do we need feedback from asset managers?
- How & when should breaches be reported & corrective action taken? What is the cause of the breaches? e.g. do we have any out of mandate trades/ member switches/ market movements that caused non compliance?
- Do we ask for more meaningful reporting from all service providers so as to better monitor & measure their performance or *lack thereof* & report breaches to Registrar within the required timeframes (quarterly, annually)?

Note: even if the board of trustees outsource these functions they will still be held jointly and severally liable as the fiduciaries/ decision-makers of the fund

Retirement funds investments: Regulation 28

A Governance Tool for Boards and Investments board sub committees

WHAT BOARDS NEED TO ASK THEIR BENEFIT ADMINSTRATOR?

- What systems changes have been implemented since the publication of the revisions to Reg 28 **especially to check member-level compliance?**
- What *types* of breach reports can be provided to the fund and how often? By whom, when & how? i.e. level, frequency, responsible person, etc.
- How many member portfolios/ offerings are non compliant with Reg28?
- What does the benefit administrator's systems capabilities look like? e.g. capacity, resources, restrictions, ability to detect breaches (fund & member level)?
- What changes has been made to the systems (if any) to ensure on-going compliance monitoring? e.g. compliance monitoring at fund level, member level, sub limit levels, asset classes?
- What is the extent of the administrator's legal liability? e.g. wrong switches? Does the admin agreement & SLAs sufficiently cover these issues?

A Regulatory Tool

Legislation

- ☐ Constitution of the Republic of South Africa (FSR Act)
- ☐ Financial Sector Regulation Act (primary law) (PF Act)
- ☐ Pension Funds Act
- ☐ Regulations
- ☐ Board Notices
- ☐ Directives
- ☐ PF Circulars &
- ☐ Information Circulars
- ☐ **Conduct standards or prudential standards (next under FSR Act)**
- ☐ **Financial instruments under COFI Bill (next)**

Retirement funds investments: Regulation 28

A Regulatory Tool

All funds must submit annual financial statements: section 15 requirement

Large funds > R50 million full scope audit including schedule IB audit report

Small funds > R6 million < R50 million agreed upon procedures

Mini funds < R6 million assets are audit exempt but submits unaudited financials and section 15 report signed by trustees

Analysis by FSCA:

- Early warning system
- Ratio analysis
- Analyst checklists
- Audit reports, trustee reports
- Section 15 report (compliance report)
- Peer review (high risk cases)
- Manager/ peer reviews (all cases)
- Business intelligence (trend analysis)
- Onsite visits inspections esp. flagging of 12 month rectifications & rebalancing
- Investigations under FSR Act
- Statutory management
- Curatorships
- Section 26 board appointments
- New penalty regime under FSR Act and admin penalties continue under sectoral laws for late & non-submissions R4k per day for 2018 FYEs

Retirement funds investments: Regulation 28

A Regulatory Tool



Proposed changes to the existing reporting to FSCA:

- Proposed changes to quarterly regulation breach reports to align to SARB QAAR and timelines
- **Greater focus needed on member-level compliance**
- New Bi-annual Conduct return (conduct of business return similar to FAIS)
- Dedicated team specialising in monitoring fund performance and costs (value for money)
- Dedicated team specialising in monitoring fund governance and conduct of trustees
- Fund performance team working closely with SARB's FinSurv, FinStab and Economic research unit as well as FSCA's Specialist Support division focusing on Data analytics, using FinTech, RegTech, SupTech and digitization as well as an Innovation Hub within FSCA (it will include looking at much needed research as well as local and international benchmarks, trends)
- The Retirement Funds Prudential supervision will track how funds perform against these trends and benchmarks and identify the outliers and other factors

WAY FORWARD – what to expect in the next 12 -18 months?

- proposed enhancements to format of quarterly report & submission criteria (all funds to submit)
- proposed reduction in quarterly reporting/ submission times (3 to 2 months or less)
- alignment with SARB's QAAR reports [all funds to submit on quarterly basis]
- use of SARB's D427 glossary/ dictionary containing definitions for all foreign assets
- **proposed reduction in annual reporting submissions from 6 to 3 months***
- **withdrawal of audit exemption***
- use JSE Ltd naming convention for all listed instruments
- use Issuer's naming convention/ codification for all unlisted instruments issued

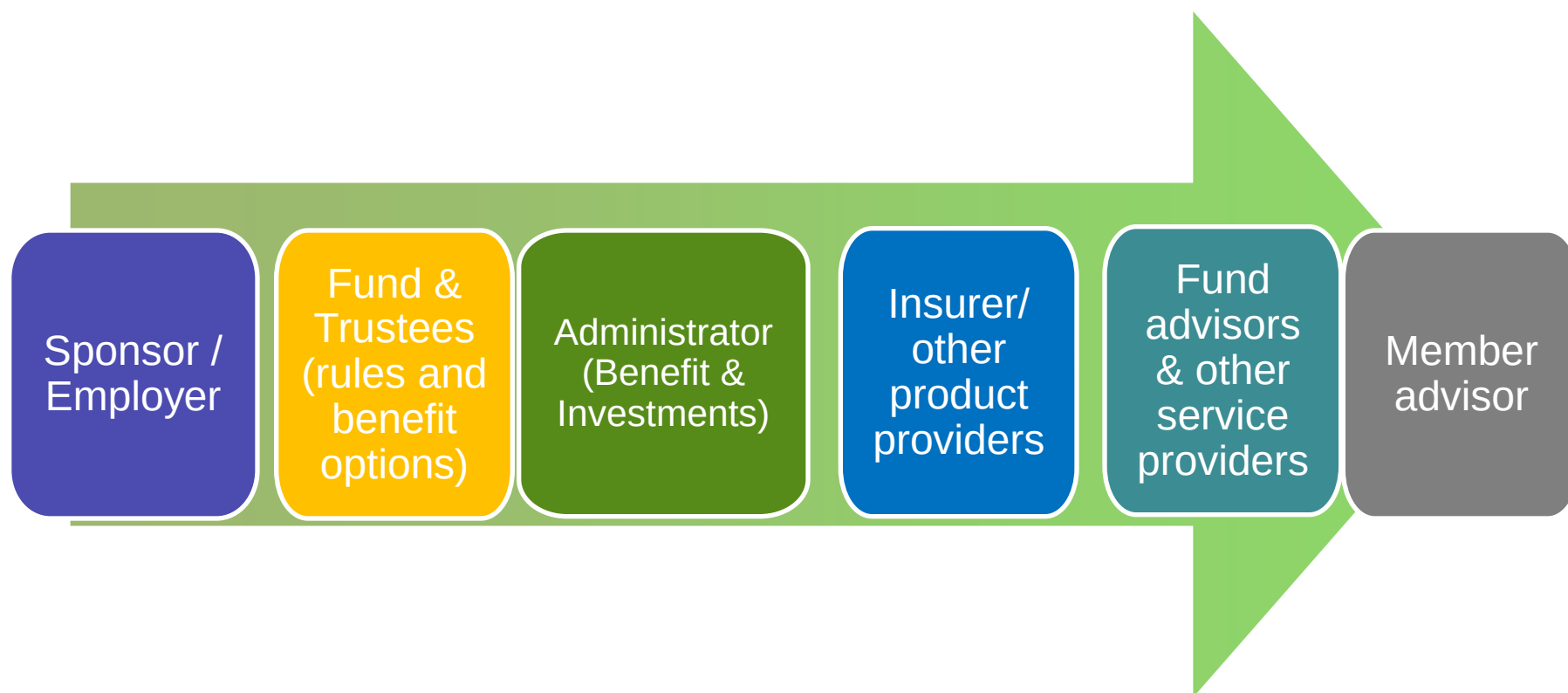
***s.t. Omnibus Bill 2020 and new Cabinet post-elections 2019**

POSSIBLE REVISION areas highlighted:

- ☐ Definitions i.e. Banks Act vs CISCAs vs FMA vs FAIS e.g. money mkt instruments –is it defined as cash or debt depending on time to maturity?
- ☐ Look-through – revised schedule IA to AFS?
- ☐ Member-level compliance monitoring versus reporting requirements?
- ☐ Systems: grand-fathering protection – what triggers a loss of grand-fathering?
- ☐ De minimus rule –schedule IA must balance with schedule F and schedule IB & provide look-through?
- ☐ Hedge funds & derivatives & private equity & sec lending notices – to be revised / issued?
- ☐ Guidance to trustees e.g. due diligence, interpretations, criteria etc.?
- ☐ Alternative investments esp. risks contained in structured products not well understood, complex?
- ☐ Skills levels of trustees – FSCA to set minimum criteria & consult?
- ☐ Future standards as needed (Conduct. Prudential/ Joint standards with SARB)?
- ☐ Regulation 28(9) exemption criteria & conditions?

Participation in industry workgroups e.g. ASISA, SAICA, IRBA, Batseta, IRFA, etc. and during public comment period

The regulatory framework will hold all regulated entities in this value chain accountable to deliver TCF outcomes relevant to their role



THANK YOU

“It always seems impossible until it is done”
Tata Nelson Mandela

Remember to SPEAK OUT!!!
When something wrong is happening...

Thank You

Q&A

Useful links:

www.fsca.co.za

www.trusteetoolkit.co.za

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