



FSCA COMMUNICATION 1 OF 2023 (RF)

Section 14 transfer applications in terms of Section 14(1) of the Pension Funds Act, 1956 (Act No. 24 of 1956): Enhancement to the online submission processes

1. Purpose

The purpose of this communication is to inform Retirement Funds and Retirement Benefit Administrators of the enhancement of the Financial Sector Conduct Authority's ('Authority') online process for the submission of Section 14 applications. This process will enable the Authority to expeditiously consider submitted Section 14 applications resulting in faster turnaround times.

2. Background

Section 14(1) of the Pension Funds Act, 1956 (Act No. 24 of 1956) ('PFA') requires that, subject to subsection (8), "*no transaction involving the amalgamation of any business carried on by a registered fund with any business carried on by any other person (irrespective of whether that other person is or is not a registered fund), or the transfer of any business from a registered fund to any other registered fund, shall be of any force or effect unless-*

a) *the scheme for the proposed transaction, including a copy of every actuarial or other statement, including a copy of every actuarial or other statement take into account for the purposes of the scheme, has been submitted to the registrar within a prescribed period of the effective date of the transaction;*"

3. Enhancements to the online submission system when logging Section 14 applications

3.1 Additional fields will be provided, and will alert the applicant of any inaccuracies, helping to avoid delays in the approval of applications.

3.2 To ensure that no relevant information is missing and that all necessary documents are provided for in the filed Section 14 application, a checklist of all the required information and documents that the applicant can read in advance will be provided.

3.3 The applicant will be able to indicate on submission of the Section 14 application whether the transfer is a full or partial transfer, so that the minimum requirements can be confirmed upfront.

3.4 The applicant will be able to capture multiple participating employers, so that the correct service fee is charged upfront and ensure that the certificate reflects the correct participating employer's name/s.

- 3.5 The applicant will be able to select the correct transfer type so that they are aware of the relevant documents/information applicable to the transfer type.
- 3.6 The applicant will be made aware of the turnaround times for accepted applications so that they can plan their follow-up activities.
- 3.7 The applicant will be able to select single or multiple effective date/s so that the correct service fee is charged upfront.
- 3.8 The applicant when selecting a transfer to an insurer or Foreign Fund, the transferee fund's fields will be disabled on the system and there will be no requirement to capture the transferee fund's details.
- 3.9 The administrators linked to the transferor and transferee funds should be able to view and/or download a list of all Section 14 applications and the audit trail/lifecycle of their status changes. This will give them the status of the application on demand and obviate email queries to the Authority on the status.
- 3.10 The applicant will be able to ascertain the mandatory documents and other requirements, which will allow for the successful submission of an application.
- 3.11 The following are mandatory documents and requirements for a Section 14 application:
- (a) Cover Letter
 - (b) Prescribed transfer application forms
 - (c) Member Communication (if applicable)
 - (d) Trustee Registers
 - (e) In case of a full transfer, the submission of the transferor fund's valuation reports must be up-to-date
 - (f) The status of the funds must still be active
 - (g) The status of the participating employer must be active
- 3.12 The applicant will complete a checklist that validates the basic requirements of a transfer type. Any unsuccessful validation will result in the submission being automatically rejected.

4. Effective date

The changes to the online submission system will come into effect on **1 February 2023**.

5. Webinar

The Authority will be hosting a webinar on Monday, 30 January 2023, aimed at demonstrating the changes to members of the retirement fund industry. Affected parties are invited to register for the webinar by clicking on the link below:

Date:
30 January 2023
Time:
10:00 – 11:30
Platform:
Microsoft Teams (virtual)

To register:
Click here

Cost:
Free

The webinar will be open to all relevant stakeholders in the retirement fund industry who utilises the Section 14 application system.

Continuous support will be provided during the year on the enhanced online process.

6. Enquiries

For further information regarding this Communication, please contact Ms Corlia Buitendag at cornelia.buitendag@fsca.co.za.



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