

FSCA COMMUNICATION 32 OF 2024 (RF)

Submission of rule amendments giving effect to the Two-Component System

1. PURPOSE

The purpose of this communication is to provide an update on the status of rule amendment submissions related to the Two-Component System. It is intended to inform stakeholders about the current progress, including the number of the Two-Component rule amendment applications received, registered and pending and its consequences.

2. BACKGROUND

- 2.1 In February 2024, the Financial Sector Conduct Authority (“FSCA”) issued FSCA Communication 3 of 2024 (RF), which outlined the initial requirements for the submission of rule amendments to give effect to the Two-Component System.
- 2.2 Ongoing engagements with industry stakeholders necessitated further changes to be incorporated into the Two-Component legislation. As a result of these developments, the FSCA published FSCA Communication 16 of 2024 (RF) in April 2024. This updated communication provided revised requirements for the submission of rule amendments, with a submission period from 02 May 2024 to 15 July 2024. The FSCA indicated that the rule amendments should specifically relate to the Two-Component System to allow sufficient time for processing.
- 2.3 Due to a limited number of submissions received, the FSCA issued FSCA Communication 24 of 2024 (RF) which extended the submission deadline to 31 July 2024. It was indicated that submissions received after this date would be processed after the first batch of rule amendment submissions was completed and would follow standard Service Level Commitment timelines.

3. STATISTICS

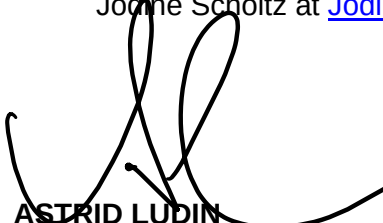
- 3.1 To date, the FSCA has received 846 applications for rule amendments relating to the Two-Component System. We have registered 748 of these rule amendments, representing approximately 88% of the total received. Of the remaining 98 applications, 89 are pending due to queries that have been raised and 9 are new submissions that were received after 24 August 2024 (due to payment delays, etc) and will be attended to. Responses to queries that were received are under consideration. The FSCA hopes to conclude all outstanding matters by the end of this week.
- 3.2 Some of the funds did not comply with certain provisions as outlined in FSCA Communication 16 of 2024, resulting in inaccuracies in their rule amendment submissions. We have raised queries with these funds and provided deadlines for responses, which we are currently awaiting.
- 3.3 Attached to this communication is **Annexure A** which provides further details of the registered rule amendment submissions.

4. MEMBER COMMUNICATION

Retirement funds that do not have registered Two-Component rule amendments are required to communicate with the members of these impacted funds forthwith as to the reasons why the rule amendments have not yet been registered and that the funds cannot give effect to the Two-Component system until the registration of the required rule amendments.

5. ENQUIRIES

For further information regarding this Communication please contact the FSCA by emailing Ms. Jodine Scholtz at Jodine.Scholtz@fsc.co.za.



ASTRID LUDIN
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FINANCIAL SECTOR CONDUCT AUTHORITY

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