

FSCA COMMUNICATION 35 OF 2022 (RF)

Publication of draft Prudential Standard – Requirements related to Regulatory Reporting and Audited Financial Statements for Pension Funds

1. PURPOSE

The purpose of this Communication is to inform stakeholders that today the Financial Sector Conduct Authority (FSCA) published the following documents for public comment:

- 1.1 Draft Prudential Standard – Requirements related to Regulatory Reporting and Audited Financial Statements for Pension Funds (draft Prudential Standard);
- 1.2 Statement supporting the draft Prudential Standard; and
- 1.3 Comments Template for the draft Prudential Standard.

2. BACKGROUND

- 2.1 Auditing and reporting type requirements for pension funds are currently set out in different Board Notices that were issued under the Pension Funds Act, 1956 (Act No. of 1956).
- 2.2 The regulatory reporting requirements, including the formats for reporting, are to some extent outdated.
- 2.3 The recent revision of Regulation 28 of the Regulations under the Pension Funds Act, 1956, gazetted on 5 July 2022, has also required additional reporting requirements in relation to infrastructure assets and amendments to the asset spreading requirements. The regulatory reporting requirements for pension funds therefore need to take into account the amendments to Regulation 28.
- 2.4 In this light, there is a need to update the regulatory reporting requirements and the prescribed format of financial statements to further align to the International Financial Reporting Standards (IFRS), the International Accounting Standards (IAS) and local auditing requirements to ensure consistency in the application of financial reporting requirements across all pension funds and to consolidate all related requirements into one instrument.

3. INVITATION TO COMMENT ON DRAFT PRUDENTIAL STANDARD

- 3.1 The draft Prudential Standard is to be made in terms of section 15 of the Pension Funds Act, 1956 (Act No. of 1956) and section 105(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) ("FSR Act") and is published for comment in terms of section 98(1)(a) of the FSR Act.
- 3.2 Interested parties are invited to submit comments on the draft Prudential Standard by **18 January 2023** to FSCA.RFDStandards@fsca.co.za.

4. AVAILABILITY OF INFORMATION AND ENQUIRIES

- 4.1 The documents referred to in paragraph 1 are available on the FSCA's website at www.fsca.co.za.
- 4.2 For more information regarding the draft Prudential Standard and/or this Communication please contact the Regulatory Frameworks Department of the Authority at Viloshnee.Naidoo@fsca.co.za or Andile.Mjadu@fsca.co.za.



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