



Financial Sector
Conduct Authority

FSCA PRUDENTIAL STANDARD [-] OF 2025 (RF)

**REQUIREMENTS RELATED TO REGULATORY REPORTING AND AUDITED
FINANCIAL STATEMENTS FOR PENSION FUNDS**

FINANCIAL SECTOR REGULATION ACT, 2017

PENSION FUNDS ACT, 1956

The Financial Sector Conduct Authority (Authority) hereby, under section 105(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) and section 15 of the Pension Funds Act, 1956 (No. 24 of 1956), read with section 292(2)(b), (3) and (4) of the FSR Act, prescribes Requirements related to regulatory reporting and audited financial statements for pension funds, as set out in the Schedule.

**UNATHI KAMLANA
COMMISSIONER
FINANCIAL SECTOR CONDUCT AUTHORITY**

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SCHEDULE

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CHAPTER 1

DEFINITIONS AND APPLICATION

1. Definitions

In this schedule **“the Act”** means the Pension Funds Act, 1956 (Act No. 24 of 1956) and any word or expression to which a meaning has been assigned in the Act shall bear the meaning so assigned to it, and, unless the context otherwise indicates -

“CF” means the Conceptual Framework;

“conceptual framework” means the “Conceptual Framework for Financial Reporting” as contemplated in IFRS and issued by the IASB;

“collective investment scheme” has the meaning assigned to in terms of section 1 of the Collective Investment Schemes Control Act, 2022 (No.45 of 2002);

“cost” means the amount of cash or cash equivalent paid, or the fair value of the other consideration given to acquire an asset at the time of its acquisition or construction;

“derivative” has the meaning assigned to it in terms of section 1 of the Financial Markets Act, 2012 (No.19 of 2012);

“hedge fund” has the meaning assigned to it in Government Notice 141 of 2015 published in Government Gazette number 38503 on 25 February 2015;

“IAS” means the International Accounting Standards endorsed and amended by the IASB;

“IASB” means the International Accounting Standards Board;

“IFRS” means the International Financial Reporting Standards issued by the IASB;

“IRBA” means the Independent Regulatory Board for Auditors as referred to in the definition of ‘Regulatory Board’ in section 1 of the Auditing Professions Act, 2015 (Act No. 26 of 2015);

“IRBA’s SAAP Statement” means IRBA’s South African Auditing Practice Statement;

“material” in relation to financial statements means omissions or misstatements that individually or collectively influence the economic decisions taken by users based on the financial statements;

“private equity funds” has the meaning assigned to it in Government Notice 208 of 2012 published in Government Gazette Number 35997 on 13 December 2012; and

“reinsurance proceeds” means proceeds that are received by a fund as a result of death or disability of a member.

2. Application

- (1) This Prudential Standard is applicable to all pension funds registered under the Act, regardless of the total value of assets held by a fund.
- (2) The rules of a fund must be adhered to in terms of the financial matters related to the fund and its financial policies.

CHAPTER 2

REGULATORY REPORTING REQUIREMENTS

3. Regulatory reporting requirements for funds

- (1) A fund must annually –
 - (a) prepare financial statements –
 - (i) in accordance with IRBA's SAAP Statement, IFRS, CF and IAS, unless stated otherwise in this Prudential Standard;
 - (ii) in accordance with the reporting concepts and conceptual framework contemplated in Chapter 3; and
 - (iii) that contain the information contemplated in Chapter 4.
 - (b) have the financial statements referred to in sub-paragraph (i) audited and reported on by the auditor of the fund;¹ and
 - (c) submit the financial statements referred to in sub-paragraph (i) to the Authority within six months as from the expiration of every financial year of the fund.²
- (2) The Authority may for purposes of subsection (1)(c), determine the manner and format of submission of the financial statements.

CHAPTER 3

REPORTING CONCEPTS AND CONCEPTUAL FRAMEWORK

4. Reporting Concepts

- (1) The reporting concepts contemplated in this Chapter do not address any specific measurement or disclosure issues, nor do they override anything specifically dealt with in any other Chapter of this Prudential Standard. If a conflict between these reporting concepts and specific sections of the Prudential Standard are identified, the specific section of the Prudential Standard will prevail over the concepts.
- (2) For purposes of this Chapter, the reporting concepts deal with the –
 - (a) objective of the financial statements;
 - (b) qualitative characteristics that determine the usefulness of information in the financial statements; and
 - (c) definition, recognition and measurement of the elements from which financial statements are constructed.
- (3) The Board has the primary responsibility for the preparation and presentation of the financial statements. The Board is also interested in the information contained in the financial statements even though it has access to additional information that helps it carry out its responsibilities. The Board can determine the form and content of such additional information in order to meet its own needs. The reporting of such information is beyond the scope of these concepts and the regulatory reporting requirements.
- (4) The objective of the financial statements is to provide information about the financial position and financial performance and changes in the financial position of a retirement fund.³ To meet the objective, financial statements provide information about a fund's assets, liabilities, funds and reserves. Financial statements must also reflect the accountability of the Board for the resources entrusted to it.

¹ In alignment with section 15 of the Act.

² In alignment with section 15 of the Act.

³ The information in the financial statements is, however, limited by the fact that the financial statements largely portray the financial effects of past events.

- (5) With regards to financial position, this is primarily provided in the statement of net assets and funds. Information about performance of and changes in the financial position is primarily provided in the statement of changes in net assets and funds. The components of the financial statements listed in section 3(1) interrelate because they reflect different aspects of the same transactions or other events.
- (5) The financial statements must also contain notes and supplementary schedules and other information that is relevant to the Authority regarding items reflected in the statement of net assets and funds and the statement of changes in net assets and funds.
- (6) With regard to financial reporting frameworks and the auditor's report, the IRBA's SAAP Statement provides that –
 - (a) in order to determine the acceptability of the financial reporting framework, the Auditor establishes whether the financial statements are prepared to meet the common financial information needs of a wide range of users (general purpose of financial statements) or the financial information needs of specific users (special purpose financial statements);
 - (b) a financial reporting framework, whether a general purpose or a special purpose, may be classified as either a fair presentation framework or a compliance framework;
 - (c) a financial reporting framework, whether prescribed by law or regulation or management, established by a standard setter where the entity may not deviate from its prescribed form and content, is a compliance framework. When the financial statements are prepared in accordance with a compliance framework the auditor is not required to evaluate whether the financial statements achieve fair presentation;
 - (d) the report of the independent auditor refers to the purpose of the financial statements and contains an 'emphasis of matter' paragraph alerting users of the auditor's report that the financial statements are prepared in accordance with a special purpose framework and that, as a result, the financial statements may not be suitable for another purpose;
 - (e) when the auditor expresses an unmodified opinion in accordance with a compliance framework, the opinion states that 'the financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework; and
 - (f) A fund must not describe the financial statements as complying with the reporting requirements unless it complies with all the requirements of the regulatory reporting requirements.

5. Investments

- (1) A fund must only invest in assets and categories of assets referred to in Regulation 28 and must comply with the limits in that regulation.
- (2) The initial recognition, presentation and disclosures, measurement and the extent of applicability and deviations of IFRS and IAS Principle to Investments must be in the manner, format and contain the information determined by the Authority.

6. Housing loan facilities and guarantees

- (1) In terms of section 19(5) of the Act and the rules of the fund, a fund may grant a loan to a member or furnish a bank guarantee in favour of the bank in respect of a loan granted to a member of the Fund for housing loan purposes.
- (2) The housing loan or guarantee is granted against security such as the member's benefit or immovable property that belongs either to the member or his spouse or is occupied by the member or his dependent. For purposes of this disclosure, the member fund credit provided as surety should be considered and disclosed.

- (3) The rate of interest charged on direct fund housing loans may not be less than the rate of interest prescribed by regulation unless a specific exemption is granted.
- (4) Housing loans plus the interest accrued are redeemable over a period not exceeding thirty years in equal monthly or weekly instalments. If the period extends beyond the normal retirement date of the member, the outstanding balance of the housing loan may not exceed one-third of the total value of the benefit due to the member at the retirement date.
- (5) The initial recognition and derecognition, measurements, presentation and disclosures of housing loan facilities and guarantees, must be in the manner, format and contain the information determined by the Authority.

7. Reserves

- (1) Categories, rights and entitlements to reserves are defined in the Act and the rules of the retirement funds. The amounts allocated to the reserves are described in the Act and/or the rules of the fund.
- (2) The recognition and measurement, presentation and disclosures of *Reserves*, must be in the manner, format and contain the information determined by the Authority.

8. Surplus

The Act entitles members and former members to surpluses within a defined period. Surplus calculations are based on the first statutory valuation of the fund in terms of section 15B. Any surplus determined by the valuator which arises after the surplus apportionment date must be dealt with in terms of the rules. If the rules are silent, then the provisions of the Act will prevail as per section 15C.

9. Transfers

- (1) Transfers to and from other funds are the controlled movement of membership between retirement funds prior to the normal retirement date of the members.
- (2) Prospective transfers constitute blanket transfers where the number of members and amounts are not known at the effective date of the section 14(1) application.
- (3) In case of an amalgamation or transfer contemplated in section 14(8) of the Act, a fund does not have to submit a scheme for the proposed transaction to the Authority. The Authority is not required to issue a certificate that all the requirements of section 14(1) of the Act were complied with.

10. Accounts receivable and accounts payable

- (1) Accounts receivable and accounts payable balances consist of accounts such as prepaid expenses or accrual for expenses not yet paid at year-end such as audit fees.
- (2) The initial recognition, presentation and disclosures, measurement and the extent of applicability and deviations of IFRS Principle to Accounts Receivable and Accounts Payable, must be in the manner, format and contain the information determined by the Authority.

11. Plant and equipment

- (1) This section is applied in the accounting of plant and equipment, owner occupied property is dealt with as part of investments.
- (2) The recognition and measurement, subsequent measurement, presentation and disclosures, derecognition and the extent of applicability and deviations of IFRS and IAS Principle to *Plant*

and equipment, must be in the manner, format and contain the information determined by the Authority.

12. Impairment

The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IFRS and IAS Principle to *Impairments*, must be in the manner, format and contain the information determined by the Authority.

13. Provisions, contingent assets and contingent liabilities

The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IAS Principle to *Provisions, contingent assets and contingent liabilities*, must be in the manner, format and contain the information determined by the Authority.

14. Contributions

- (1) In terms of section 13(A)(3) of the Act, and the rules of a fund, any contributions due by the member and/or the participating employer must be paid over to the fund or insurer within seven days after the end of the month after which such contribution is payable.
- (2) In accordance with section 13A(7), the implications of not receiving the contributions and banking it before the expiry of the period mentioned above is that interest will be payable on the outstanding contributions from the first day following the expiry of the period in respect of which the contributions had to be paid.
- (3) The rules of a fund provide information on the frequency, rates, the members and/or employer's contribution.
- (4) The recognition and measurement, presentation and disclosures of *Contributions*, must be in the manner, format and contain the information determined by the Authority.

15. Benefits

- (1) The benefit payments to members are determined in accordance with the rules of a fund and the Act.
- (2) The member can choose to receive the total or portion of benefits as an annuity.
- (3) In the retirement funds environment, an annuity can be in the form of various scenarios.
- (4) The recognition and measurement, presentation and disclosures of *Benefits*, must be in the manner, format, and contain the information determined by the Authority.

16. Investment income

The recognition and measurement, presentation and disclosures of *Investment income*, must be in the manner, format and contain the information determined by the Authority.

17. Other income and reinsurance proceeds

- (1) If the rules permit, a fund may reinsure the benefits with an insurance company or be self-insured and will be regarded as other income.
- (2) When a reinsured benefit becomes payable, reinsurance proceeds are received in the from the insurance company or, in the case of a self-insurance scheme, from the fund itself. The reinsurance proceed is then paid out with the members' normal benefit.

- (3) The recognition and measurement, presentation and disclosures of *Other income and reinsurance proceeds* must be in the manner, format and contain the information determined by the Authority.

18. Expenses

- (1) Costs across funds must be disclosed in the prescribed format issued by the Authority to ensure transparency of all charges, costs, reduction in yield etc.
- (2) Miscellaneous costs and changes must be fully disclosed and specified.
- (3) The recognition and measurement, presentation and disclosures of *Expenses*, must be in the manner, format and contain the information determined by the Authority.

19. Operating leases

The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IFRS Principle of *Operating leases*, must be in the manner, format and contain the information determined by the Authority.

20. Accounting policies, changes in accounting estimates and errors

The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IAS Principle of *Accounting policies, changes in accounting estimates and errors*, must be in the manner, format, and contain the information determined by the Authority.

21. Related parties

The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IAS Principle of *Related parties*, must be in the manner, format, and contain the information determined by the Authority.

22. Events after the reporting period

- (1) IAS 10 prescribes criteria for recognition, measurement, presentation and disclosure of events that arose after the reporting period and how the events must be adjusted.
- (2) The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IAS Principle of *Events after the reporting period*, must be in the manner, format, and contain the information determined by the Authority.

23. Fair value measurement

- (1) With regard to disclosure for recurring fair value measurement, the funds must only disclose information as per the disclosure note provided for in the financial statements template.
- (2) The recognition and measurement, presentation and disclosures, and the extent of applicability and deviations of IFRS Principle of *Fair value measurement*, must be in the manner, format, and contain the information determined by the Authority.

CHAPTER 4

Financial Statements

24. Content of financial statements

- (1) The financial statements contemplated in Chapter 2 must provide for the matters contemplated in sections 25 to 36, and any such other matters determined by the Authority.
- (2) The Authority may in support of sections 25 to 36 and any other matters determined in accordance with subsection (1), determine –
 - (a) the specific information that must be included in the financial statements;
 - (b) the formats in respect of which any information that must be included in the financial statements must be submitted; and
 - (c) who must sign off on any information, report or other relevant document that is contained in the financial statements.

25. Regulatory information

Specified factual and administrative focused regulatory information, as determined by the Authority.

26. Statement of responsibility of the Board

A statement of responsibility by the board which, includes details surrounding –

- (a) the board's responsibilities;
- (b) the approval of the annual financial statements; and
- (c) instances of non-compliance.

27. Statement of responsibility of the principal officer

A statement of responsibility by the principal officer that includes specific instances of non-compliances and remedial action taken.

28. Independent auditor report relating to the audit of financial statements

A report of the independent auditor to the board in relation to the audit of the financial statements.

29. Report of the board

A report of the board, that includes, among other things, the following:

- (a) The composition of the board;
- (b) schedule of meetings held by the board in terms of the rules of the fund;
- (c) details surrounding fund officers;
- (d) details surrounding professional service providers, including benefit administrators, fund consultant, investment administrator, investment advisor; risk insurer; and custodian and/or nominee
- (e) details about the fund, including:
 - (i) The type of the fund in terms of the Income Tax Act, 1962;
 - (ii) a description of the benefits offered by the fund;
 - (iii) contributions in terms of the rules of the fund;
 - (iv) rules and/or amendments during period under review;
 - (v) revised rules and/or consolidated rules; and
 - (vi) reserves and specified accounts established in terms of the rules of the fund.
- (f) an *investment report* by the fund, that includes, among other things,
 - (i) an investment strategy that complies with Regulation 28;
 - (ii) an investment policy statement; and
 - (iii) a management report regarding investments;

- (g) a *Reconciliation of Membership* of the fund during the period under review, including active members, deferred pensioners; pensioners; beneficiaries; and unclaimed benefits;
- (h) an *Actuarial Valuation Report* stating whether the fund has been exempted from the provisions of the Act or in the alternative that the financial statements summarises the transactions and net assets of the fund;
- (i) a *Surplus Apportionment or Nil Scheme*, including where applicable among others, surplus apportionment scheme; improper use of surplus; future surplus; member surplus account (if applicable); employer surplus account; benefits to former members; and benefits to pensioners;
- (j) details surrounding *Housing Loan Facilities*, including that the fund rules do not provide for the granting of housing loans or guarantees or that the fund rules provide for housing loans or that the fund rules provide for the granting of housing loan guarantees;
- (k) details surrounding *Investments in Participating Employers*, including whether the fund holds no direct investments in the participating employer. Where a fund holds investment in a participating employer, details of investments held in participating employers must be provided in a Note;
- (l) a statement that the board has put in place appropriate controls to ensure compliance with Joint Standard 2 of 2024 – Cybersecurity and cyber resilience requirements, as published on the websites of the Authorities on 17 May 2024;
- (m) details surrounding *Significant Matters* such as change of name, settlement income, insurance premiums, section 14 transfer to other funds, rules of the fund and accumulated funds. Where appropriate additional disclosure must be made;
- (n) details surrounding *Events and Adjusting Events* after the reporting period; and
- (o) any other information determined by the Authority.

30. Statement of net assets and funds

A statement of net assets and funds that must include, among other things, non-current assets, current assets and funds and liabilities.

31. Statement of changes in net assets and funds

A Statement of changes in net assets and funds, which include, among other things, *Net Income before Transfers and Benefits*, *Net Income after Transfers and Benefits* (carried forward); Net income after transfers and benefits (brought forward) and Funds and reserves.

32. Notes to the financial statements

Notes to the financial statements that include, among other things, *Principal Accounting Policies* and matters associated with this Chapter.

33. Report of the valuator

A report of the valuator of the fund that includes, among other things particulars of the financial condition of the fund and details of the valuator (where the fund is not valuation exempt). The valuation report must be in the manner and form determined by the Authority by notice on its website.

34. Section 15 Auditors report

A Report of auditors titled "*Report of The Independent Auditors of Factual Findings to the Authority: Section 15 Auditor's Report – Retirement Funds for Ordinary Funds, Umbrella Funds and Preservation and Retirement Annuity Funds*".

35. Investment schedule

An investment schedule that sets out details surrounding total investments made by the fund.¹ The Notes to the investment schedule must contain information relating to, among other things, the following:²

- (a) Cash commodities;
- (b) debt instruments including islamic debt instruments;
- (c) investment and owner-occupied properties;
- (d) equities;
- (e) securities lending;
- (f) direct derivative market instruments including derivative positions without residual risk;
- (g) derivative positions with residual risk;
- (h) investments in participating employer/s;
- (i) other assets;
- (j) hedge funds;
- (k) private equity funds;
- (l) regulation 28(9) investments;
- (m) regulation 28 non-compliant investments;
- (n) investments not disclosed / data not available for disclosure by entities;
- (o) entity / counterparty exposure (including credit / counter party risk);
- (p) equity and other financial instrument holdings;
- (q) reconciliations;
- (r) Environmental, Social and Governance (ESG); and
- (s) any other types of information determined by the Authority.

36. Report on assets held in compliance with Regulation 28

A report on assets held in compliance with Regulation 28,³ including a report by the independent auditor confirming compliance with regulation 28 by the fund.

CHAPTER 5

ADMINISTRATION

37. Determinations

Any reference in this Prudential Standard to the Authority determining a matter means that the Authority will determine such matter by Notice on its website.

38. Short title and commencement

This Prudential Standard is called Requirements related to regulatory reporting and audited financial statements for pension funds, 2025 and comes into effect on 1 January 2026.

39. Repeal

The following Notices are hereby repealed –

- (a) Regulatory Reporting Requirements for Retirement Funds as published in Board Notice 14 of 2009 in Government *Gazette* No. 31838 of 4 February 2009;
- (b) Prescribed Financial Statements Applicable to the Different Categories of Funds as published in Board Notice 77 of 2014 in Government *Gazette* No. 37844 of 18 July 2014;
- (c) Exemption from Regulation 28(8)(b) – Requirements for Audit Certificate of Compliance with Regulation 28, published in PF Notice 2 of 2014 on the website of the Authority on 20 October 2014;

¹ Including infrastructure investments.

² Subject to any determinations made by the Authority in terms of content.

³ Including in respect of Infrastructure assets.

- (d) Exemption of Large Funds from Certain Prescribed Formats for Preparing Financial Statements under section 15 of the Pension Funds Act, 1956 published in FSCA RF Notice 5 of 2020 on the website of the Authority on 5 March 2020; and
- (e) Exemption of funds from using certain prescribed formats for preparing financial statements under section 15 of the Pension Funds Act, 1956 published in FSCA RF Notice 5 of 2022 on the website of the Authority on 14 April 2022.

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