

Financial Sector Conduct Authority (FSCA) Levies, Guidance Notices & Industry Update

A. FSCA Levies: 2018 / 2019*

	% Change	2018/2019**	2017/2018
Retirement Funds' Levies			
Basic fund levy (excluding retirement annuity funds)	6.00%	R 1 206.28	R 1 138.00
Member levy	6.02%	R 14.27	R 13.46
Maximum levy	6.00%	R 2 764 018	R 2 607 564.00
Pension Fund Adjudicator Levy, per member	9.80%	R 6.05	R 5.51
Administrators' Levies			
Basic levy	6.00%	R 7 700.31	R 7 264.44
Levy per fund administered by administrator	6.00%	R 600.29	R 566.31
Levy per member under the administrator	5.80%	R 0.73	R 0.69

*Interest will be charged on all overdue levy accounts at the prime interest rate

**Levies apply from 1 April 2018 to 31 March 2019.

B. FSCA Guidance Notices

The FSCA is now issuing guidance notes, rather than information circulars

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Guidance Note 1 of 2018:

Request for Quarterly Updates on information Relating to Retirement Funds' Unclaimed Benefits

Guidance Note 1, issued in June 2018, requires that funds submit their unclaimed benefits to the FSCA by loading these benefits onto the FSCA Unclaimed Benefits Search Engine. The FSCA Unclaimed Benefits Search Engine can be found on:

https://www.fsca.co.za/MagicScripts/mgrqispi.dll?APPNAME=Web&PRGNAME=FSB_Online_Logon&ARGUMENTS=-N1

Background

Information Circular PF No. 4 of 2015 issued on 16 October 2015 requested that funds provide information relating to their unclaimed benefits. This data has been captured on the FSCA's database, which now forms the basis for the Unclaimed Benefits Search Engine provided on the FSCA website. The public is now able to access this search engine for the purpose of claiming their previously unclaimed benefits.

In order to prevent fraud and to comply with the Protection of Personal Information Act, no personal information will be disclosed on the FSCA website

These templates ensure that funds' submissions include updated information about existing unclaimed benefits held by the funds, any new unclaimed benefits added since the last submission, as well as any benefits paid out since the last fund submission

The Guidance Note sets out templates containing the format of information that funds must submit to the FSCA electronically, to be uploaded onto the Unclaimed Benefits Search Engine

The first submission to be made by funds is due by 30 September 2018. Funds' unclaimed benefits must be uploaded every quarter thereafter

Guidance Notice No. 3 of 2018: Cancellation of Registration of a Fund in Terms of Section 27(1) of the Pension Funds Act, 1956 and Termination of Participation of Employers in Umbrella Funds

This Guidance Note was issued in July 2018 and clarifies certain matters pertaining to the deregistration of a fund in terms of Section 27(1)(a) of the Pension Funds Act and for the termination of participation of an employer in an umbrella fund. Information Circular PF No. 2 of 2017 sets out the requirements for a fund's deregistration. This information circular continues to apply. Guidance Note 3 of 2018 clarifies that:

If the FSCA has received an application for deregistration and this application is accompanied by the required documentation as set out in Information Circular PF No. 2 of 2017, the fund will not be required to submit financial statements / valuations / pay FSCA levies.

The FSCA's systems for a fund's deregistration are being finalised and it is intended that these will be implemented shortly

The termination of participation of an employer in an umbrella fund must be effected in terms of the process outlined in Information Circular PF No. 2 of 2017

Applications for funds' deregistration as well as for the termination of participation of employers in umbrella funds, which have already been submitted to the FSCA, do not have to be re-submitted. However, the FSCA may request additional information.

C. FSCA Draft Guidance Notice & Industry Update

Draft Guidance Notice for Comment in June 2018:

General Exemption from the Requirement that Members of a Fund have the Right to Elect Members of the Board of a Fund. Section 7b(1)(B) of the Pension Funds Act, 1956



This draft Guidance Notice released for comment, refers specifically to the exemptions from members' rights to elect 50% of the board of trustees in respect of umbrella funds, retirement annuity funds, beneficiary funds and preservation pension and provident funds. The purpose of this draft Notice is to provide for such funds to apply for exemption from the provision of member trustees indefinitely (after the notice is published) and to remove the requirement that such exemptions be renewed every three years. The draft Guidance Notice also sets out:


- 1 That at least 50% of the funds' boards must be independent board members
- 2 The conditions for the appointment of independent Trustees
- 3 Conditions for the provision of alternative forms of member representation, other than direct member elections in the rules, in respect of bargaining council, sectoral determination, trade union and municipal funds
- 4 The provision for independent trustee representation on sub-committees used by such funds' boards
- 5 Reporting (of irregularities) by independent board members of such funds
- 6 Quorum requirements for such funds' boards, including a minimum of 4 board members and the requirement that decisions taken by such board will be binding only if 50% the board agree to such decision, of which no fewer than 70% are independent board members
- 7 The requirement that if a decision is taken by round-robin resolution, it is ratified by the board at its next meeting
- 8 A stakeholder inclusive approach, inclusive of a communication strategy
- 9 The establishment of management committees for umbrella funds on a mandatory basis
- 10 The information and declarations that must be provided to the FSCA when umbrella funds apply for such exemption.


Standardised Cost Disclosure for Umbrella Funds


From 1 March 2019, the new ASISA Retirement Savings Cost (RSC) Disclosure Standard comes into effect. The new RSC Disclosure Standard commits members of the Association for Savings and Investment South Africa (ASISA) to present costs relating to umbrella funds in a standardised manner, enabling quotations to be compared on a like with like basis.

ASISA members will provide employers and trustees with a disclosure template indicating all costs that will be incurred at a scheme level. The template will reflect four separate components into which various charges are allocated over various investment periods, namely investment management charges, advice charges, administration charges and other charges including regulatory, compliance and governance costs.

The RSC Disclosure Standards do not apply to individual members, stand-alone retirement funds, retirement annuity funds, preservation funds, beneficiary funds and other retail savings products.

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