

CHANGES TO REGULATORY STRUCTURES

With effect from 1 April 2018, the Financial Services Board has been superseded by the Financial Sector Conduct Authority.

Whilst it's business-as-usual for now, this is just one step in a complete regulatory overhaul.

After much planning and preparation, the financial services regulatory environment in South Africa is undergoing fundamental restructuring.

The two critical foundations identified as being of central importance for a sound financial services industry are:

- **Prudential oversight.** This refers to having institutions that are financially sound and properly governed to fulfil their roles. Banks and other lending institutions, the savings industry, asset managers, insurers and health schemes are examples of such entities.

Responsibility for this will fall under the “Prudential Authority” which is a new entity that will be located in the South African Reserve Bank.

- **Market conduct.** This refers to the manner in which financial institutions do business and specifically the way in which customers are treated.

This function will fall under the “Financial Sector Conduct Authority” (FSCA) which now replaces what was previously known as the Financial Services Board (FSB).

For now and for a period of at least three years, all aspects of regulation of the retirement fund industry will fall under the FSCA, which thus takes over the roles formerly played by the FSB.

All existing financial services legislation is in the process of being overhauled and will in many cases be completely replaced by new legislation. Continuity of operation is of vital importance of course and we can thus expect the process of change to unfold over a period of several years.

These changes are both exciting and challenging, and are a reflection of South Africa's place in the worldwide economy. In order to be part of the global system it's vital for businesses and individuals to have access to and confidence in the soundness of the banking, insurance, investment and broader financial services sector.

WHAT DOES THIS MEAN FOR YOU?

*For now it's business-as-usual for retirement funds and their stakeholders.
We will continue to keep you informed of developments as the new regulatory structures unfold.*

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