



FSCA COMMUNICATION 9 OF 2021 (RF)

Update on endorsement of rule amendments of funds received during the national state of disaster brought about by the Covid-19 pandemic

1. Purpose

The purpose of this communication is to inform the retirement fund industry that the Financial Sector Conduct Authority (“the Authority”) is undertaking a process to finalise the endorsement of (urgent) amendments to rules of funds received during the course of 2020 brought about by Covid-19 pandemic and the related national lockdown.

2. Background

- 2.1 On 26 March 2020, the Authority issued FSCA Communication 11 of 2020 (RF) (“Communication”) to elucidate to boards of funds the legislative requirement to submit (urgent) amendments to effect changes to registered rules in respect of employers and / or employees in financial distress as a result of the national state of disaster brought about by the Covid-19 pandemic.
- 2.2 Section 12(4) of the Pension Funds Act, 1956 (No.24 of 1956) (“PFA”) requires that once the Authority is satisfied that any alteration, rescission or addition of the rules of a fund is not inconsistent with the PFA and is satisfied that it is financially sound, the Authority will register the alteration, rescission or addition and return a copy of the resolution to the principal officer with the date of registration endorsed thereon, and such alteration, rescission or addition, as the case may be, shall take effect as from the date determined by the fund concerned or, if no date has been so determined, as from the said date of registration.
- 2.3 Due to practical implications of the Covid-19 pandemic and related capacity constraints, the Authority was unable to immediately transmit the endorsed resolution to those funds impacted by these rule amendments. In paragraph 3.6 of the Communication mentioned above, it was confirmed that given the circumstances during the national lockdown, funds would only receive a letter and an unstamped version of the rule amendment from the Authority. It was undertaken that funds would receive the stamped version of the rule amendment once business resumes as usual.

3. Endorsement of rule amendments underway

- 3.1 As the Covid-19 pandemic continues and there is no certainty about when and if business practices will resume to what was prior to the pandemic, the Authority has undertaken the process of finalising the formal endorsement of amendments to rules of funds and returning the endorsed versions of the rules to the relevant funds.

- 3.2 The Authority has record of the documents to be endorsed and these are being attended to in the order in which they were received, registered and approved. In order to ensure smooth operation of this process, funds and administrators are requested to allow this process to unfold up until **31 July 2021**, which is the envisaged date by which all endorsements of rule amendments received at date of this Communication and related to the Covid-19 pandemic and the national lockdown is expected to be finalised.
- 3.3 We, therefore, request that the industry allow for the finalisation of this process and consider enquiring with the Authority only after **31 July 2021**. Queries will, therefore, only be considered after the planned completion date of this project.
- 3.4 Your consideration of the above will be appreciated.

4. Enquiries

For more information regarding this Communication contact the Retirement Funds Supervision Division of the FSCA at fikile.mosoma@fsc.co.za.



Olano Makhubela
Divisional Executive: Retirement Funds Supervision
FINANCIAL SECTOR CONDUCT AUTHORITY

Date: 29 April 2021