

**Financial Sector Regulation Bill**

*A brief summary of the FSR Bill  
released October 2015.*



The Financial Sector Regulation Act

- 17 Chapters
- 295 Sections
- 4 Schedules
- 15 Acts repealed or amended

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Object of the FSR Act

A regulatory and supervisory framework that promotes:

- Stability
- Safety and Soundness
- Fair Treatment of Customers
- Prevention of financial crime

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FSCA Objectives

- Enhance efficiency and integrity
- Fair treatment of customers
- Promote financial literacy
- Maintaining financial stability

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Some Definitions

- Financial Institution
- Financial Service
  - ✓ a service provided by a financial institution,  
being a service regulated by a specific  
financial sector law;

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“financial service” means:

- ... in relation to a financial product, a foreign financial product or a financial instrument, any:-
- i. Offering, promoting, marketing or distributing;
  - ii. providing advice, recommendations or guidance;
  - iii. dealing or making a market; and
  - iv. operating or managing, or providing administration services;

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“Financial service” means:

- a service related to the buying and selling of foreign exchange;
- a service, including a debt collection service, provided to a financial institution through an outsourcing arrangement, ...; and
- a service designated by the Regulations for this section as a financial service.

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Some Definitions

- Financial Institution
- Financial Service
- Contractor
- Key Person
- Regulatory Instrument

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Regulatory Instruments

- Prudential standard
- Conduct standard
- Joint standard

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FSCA - Standards

Conduct standards in respect of:

- financial institutions
- representatives
- significant owners
- key persons
- contractors

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Standards - Consultation Process

- Publish a draft
- Give Reasons
- Invite comments
- Publish a report
- Report to the National Assembly

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Powers of the FSCA

- Information Gathering
- Investigations
- On-Site Inspections

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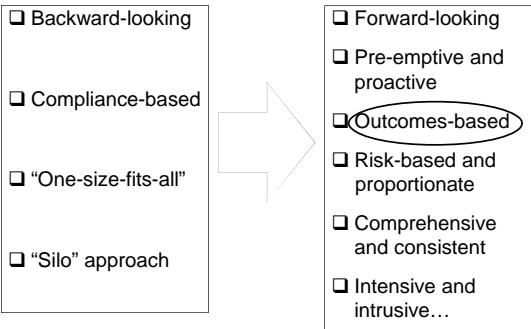
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Regulatory paradigm shift



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INSURANCE DIVISION

Remember...

- No more “just talking” about TCF
- Demonstrate proactive management of conduct risks across value chain
- Manifesting in continuous improvement to products, delivery and overall experience
- Resulting in better outcomes for customers
- And finally . . .
  - It's all about that DATA!

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Outcomes Based . . .

It’s all about M.I.

TCF, market integrity and policy outcomes

Enforcement

- Guidance Notes
- Interpretation Rulings
- Directives
- Debarment Orders

**Administrative Penalties**

. . . has engaged in conduct that contravenes a financial sector law.

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**Financial Sector Laws**

- 1. Pension Funds Act, 1956
- 2. Friendly Societies Act, 1956
- 3. Banks Act, 1990
- 4. Long-term Insurance Act, 1998
- 5. Short-term Insurance Act, 1998
- 6. FAIS Act, 2002
- 7. CISCA, 2002

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**Financial Sector Laws**

- 8. Financial Services Board Act, 1990
- 9. Financial Supervision of the Road Accident Fund Act, 1993
- 10. Mutual Banks Act, 1993
- 11. Financial Institutions (Protection of Funds) Act, 2001
- 12. Co-operative Banks Act, 2007
- 13. Financial Markets Act, 2012
- 14. Credit Rating Services Act, 2012

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**Administrative Penalties**

- Indemnity or compensation
- Offence

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**Offences**

Offences relating to:

- Information Gathering
- Directives
- Debarment
- Indemnity Undertakings
- False or Misleading Information
- Accounts and Records

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**Offences - Vicarious liability**

- Financial Institutions
- Key Persons

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**General**

- Reporting Obligations
- Compensation

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**FAIS Act, 2002 – Amendments**

**Financial Product – New Inclusion**

gA) an interest, subscription, contribution, or  
commitment in a pooled fund

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**FAIS Act, 2002 – Amendments**

**Debarment – Right of Appeal (S 39(b))**

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LAWS REPEALED OR AMENDED

- 1. Insolvency Act, 1936
- 2. Pension Funds Act, 1956 (7 pages)
- 3. South African Reserve Bank Act, 1989
- 4. Financial Services Board Act, 1990 - Repealed
- 5. Banks Act, 1990 (5 pages)
- 6. Mutual Banks Act, 1993
- 7. Inspection of Financial Institutions Act, 1998 Repealed
- 8. Long-term Insurance Act, 1998 (7 pages)

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LAWS REPEALED OR AMENDED

- 9. Short-term Insurance Act, 1998 (7 Pages)
- 10. Financial Institutions (Protection of Funds) Act, 2001
- 11. FAIS Act, 2002 (10 pages)
- 12. Collective Investment Schemes Control Act, 2002 (4 pages)
- 13. Financial Services Ombud Schemes Act, 2004 Repealed
- 14. Co-operative Banks Act, 2007
- 15. Financial Markets Act, 2012 (31 Pages)

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Questions or Comments?

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