



**STATEMENT SUPPORTING THE PROPOSED
AMENDMENTS TO THE GENERAL CODE OF CONDUCT¹
AND SHORT-TERM DEPOSITS CODE OF CONDUCT²**

JUNE 2020

¹ General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003.

² Specific Code of Conduct for Authorised Financial Services Providers and Representatives conducting Short-term Deposits Business, 2004.

1 BACKGROUND AND PURPOSE OF THE STATEMENT

- 1.1 In terms of section 98 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (Financial Sector Regulation Act), a financial sector regulator may not make a regulatory instrument unless it has published the following documents:
- (i) a draft of the regulatory instrument;
 - (ii) a statement explaining the need for and the intended operation of the regulatory instrument;
 - (iii) a statement of the expected impact of the regulatory instrument; and
 - (iv) a notice inviting submissions in relation to the regulatory instrument, stating where, how and by when submissions are to be made.
- 1.2 In fulfilment of the abovementioned requirements, the Financial Sector Conduct Authority (Authority) has prepared a statement of the need for, intended operation and expected impact of the proposed amendments to the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2003 (GCOC) and Specific Code of Conduct for Authorised Financial Services Providers and Representatives conducting Short-term Deposit Business, 2004 (ST Deposits Code).
- 1.3 This Statement takes into account industry comments received in response to the proposed amendments to the GCOC and ST Deposits Code (proposed amendments) that was published for public comment on 1 November 2017.

2 STATEMENT OF NEED, IMPACT AND INTENDED OPERATION OF THE PROPOSED AMENDMENTS

- 2.1 Full reasoning behind the need for the proposed amendments, and a summary of the proposed amendments, are reflected in the document titled "*Invitation to comment on proposed amendments to the General Code of Conduct for Authorised FSPs and Representatives and Specific Code of Conduct for Authorised FSPs and Representatives conducting Short-term*

Deposits Business” that was published by the then Financial Services Board on 1 November 2017. This document is attached hereto as ‘Attachment 1’.

- 2.2 The proposed amendments are necessary to contribute to the fulfilment of the Authority’s legislated objectives and is ultimately intended to promote the fair treatment and protection of financial customers.
- 2.3 Many of the amendments emanated from policy processes that started as far back as 2014.³ Consultation on the proposed amendments have taken place and industry has been aware of the proposed amendments for some time.
- 2.4 It is, however, acknowledged that the proposed amendments will result in certain FSPs having to make system and process changes in order to comply with the new requirements. The impact of these system and process changes are, however, not envisaged to be material. Various commentators did, however, raise the need for transitional provisions to enable FSPs sufficient lead time to make such system and process changes. The FSCA acceded to the request for transitional provisions and the draft amendments therefore make provision for appropriate transitional provisions.
- 2.5 The proposed amendments are intended to take effect early 2020.

3 WAY FORWARD

- 3.1 The proposed amendments were submitted to Parliament in accordance with section 103(1) of the Financial Sector Regulation Act and the 30 days period referred to in section 103(1) of the Financial Sector Regulation Act has elapsed.
- 3.2 The Authority therefore proceeded to publish the final amendments.

³ See, for example, the Retail Distribution Review, 2014.