

FSCA Communication 49 of 2020 (RF)

Publication of draft Conduct Standard prescribing Conditions for Securities Lending for Pension Funds

7 October 2020

1. PURPOSE

The purpose of this Communication is to inform stakeholders that today the Financial Sector Conduct Authority (FSCA) published the following Conduct Standard and supporting documents in terms of section 106(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act):

1.1 Draft Conduct standard prescribing conditions for securities lending for pension funds (draft Conduct Standard):

- draft Conduct Standard;
- statement supporting the draft Conduct Standard; and
- comments template.

2. BACKGROUND

- 2.1 The draft Conduct Standard sets out overarching principles for securities lending and prescribes, amongst others, conditions in respect of the delegation of administration of securities lending agreements to a service provider.
- 2.2 Further to the above and on the basis of the comments received on the previous draft Notice, the FSCA updated the draft Conduct Standard to, amongst others, include the definition of an 'exchange' in the context of the Conduct Standard. This has been defined to mean a licensed exchange as defined in section 1 of the Financial Markets Act, 2012.
- 2.3 The draft Conduct Standard further clarifies the requirements that will be applicable to all securities irrespective of whether the securities are offshore or local.

3. AVAILABILITY OF INFORMATION AND ENQUIRIES

- 3.1 The documents referred to in paragraph 1 is available on the FSCA's website at www.fsc.co.za.

- 3.2 For more information regarding the draft Conduct Standard and/or this Communication please contact the Regulatory Framework Department of the Authority at Andile.Mjadu@fsc.co.za or Wilma.Mokupo@fsc.co.za.



Olano Makhubela
Divisional Executive: Retirement Funds Supervision