

FSCA COMMUNICATION 33 OF 2023 (GENERAL)

Update on roll-out and implementation of cross-sectoral Conduct of Business Return for financial institutions

1. PURPOSE

1.1. The purpose of this Communication is to provide:

- 1.1.1. An update on the development of the cross-sectoral Conduct of Business Return (Omni-CBR) planned for financial institutions by the Financial Sector Conduct Authority (FSCA);
- 1.1.2. an overview of the stakeholder consultation process undertaken in respect of the first draft of the Omni-CBR template, including a summary of industry comments received; and
- 1.1.3. details on the envisaged next steps for the roll-out and implementation of the Omni-CBR in light of the extensive feedback received to date.

2. BACKGROUND

- 2.1. On 22 December 2021, the FSCA published FSCA Communication 22 of 2021 (GENERAL), which provided an update on the development of the Omni-CBR and signalled the FSCA's intention to undertake a robust consultation process on the content and implementation of the Omni-CBR commencing in 2022.¹
- 2.2. On 8 June 2022, the FSCA published FSCA Communication 16 of 2022 (GENERAL), which included a detailed Roadmap for the roll-out and implementation of the Omni-CBR as well as a first draft of the Omni-CBR template for stakeholder consultation.²
- 2.3. The Roadmap, among other things, described the objectives and intended outcomes of the Omni-CBR for the financial sector and the FSCA and set out the envisaged engagement and implementation milestones to facilitate an incremental phasing in of harmonised conduct of business reporting for financial institutions over a multi-year period as follows:

¹ Click [here](#) to access FSCA Communication 22 of 2021 (GENERAL).

² Click [here](#) to access FSCA Communication 16 of 2022 (GENERAL).

PHASE 1 (2022) CONSULTATION ON TERMINOLOGY AND DATA REQUIREMENTS

- Webinars to explain the Omni-CBR and roll out plan
- Industry engagement workshops per sector
- Written comments

PHASE 2 (2023) ASSESSMENT OF SYSTEMS AND OPERATIONAL IMPACT

- Industry pilot reporting to assess systems and operational impact
- Alignment with internal FSCA systems and digital transformation developments
- Consideration of potential further regulatory harmonisation and COFI impacts

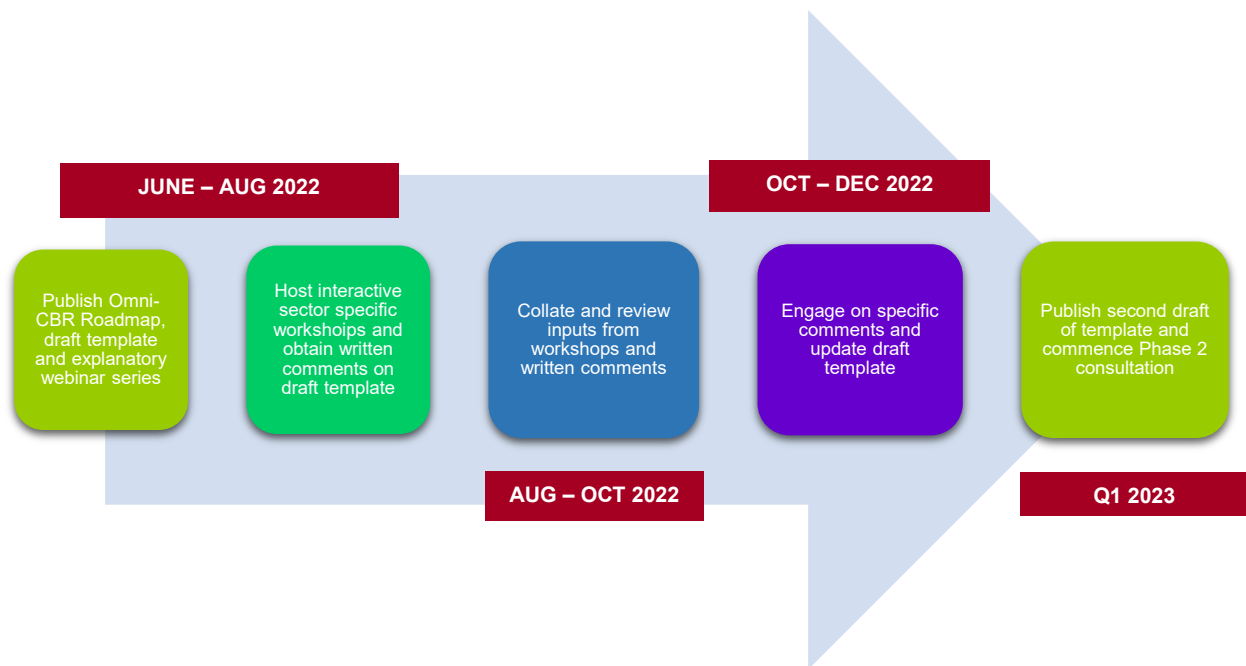
PHASE 3 (2024) TWO-YEAR TRANSITIONAL REPORTING

- Incremental reporting on a best effort basis
- Proportional phasing-in based on readiness of different sectors and entity types (large, emerging, small)
- Two-year transitional period

PHASE 4 (2026) STEADY STATE POST COFI FINAL IMPLEMENTATION

- Full and final statutory conduct reporting across all sectors on a quarterly basis

2.4. A more granular envisaged timeline for Phase 1 of the roll-out process was also provided as depicted below:



2.5. Since the publication of the Roadmap and draft Omni-CBR template in June 2022, several developments have taken place, including extensive consideration of a wide range of comments received from stakeholders, as highlighted in the remainder of this Communication.

3. OVERVIEW OF THE CONSULTATION PROCESS TO DATE

3.1. Summary of stakeholder engagements

- 3.1.1. Shortly after the publication of the Roadmap and draft Omni-CBR template, the FSCA released a three-part webinar series containing detailed explanations on the content and structure of the Omni-CBR as well as general guidance on how to navigate and complete the template.
- 3.1.2. Thereafter, targeted workshops were held with each of the sectors impacted by the Omni-CBR to provide additional clarity, resolve outstanding questions and seek initial feedback on the draft template, per the table below:

SECTOR WORKSHOP	DATE
Insurers and Microinsurers	21 June 2022
Retirement Funds and Retirement Fund Benefit (13B) Administrators	22 June 2022
Co-operative Financial Institutions (CFIs)	30 June 2022
Investment Providers	4 July 2022
Financial Services Providers (FSPs) (Larger FSP's - Annual Revenue or fund value of > R5 million)	7 July 2022
Financial Services Providers (FSPs) (Smaller FSP's – Annual Revenue or fund value of < R5 million)	8 July 2022
Banks	12 July 2022

- 3.1.3. Following the above-mentioned workshops, some sectors and individual entities requested additional follow-up sessions with the FSCA to engage further on the draft Omni-CBR template before formally submitting their comments in writing.
- 3.1.4. Stakeholders were required to submit their written comments by 10 August 2022. Most commentators provided their feedback in the requisite format and within the required timeframe, which was greatly appreciated.
- 3.1.5. A few entities and industry associations timeously indicated that they would require brief extensions (which were granted), while others missed the deadline and provided voluminous feedback much later than requested. The latter resulted in the FSCA experiencing significant delays in the overall processing and consolidation of comments.

3.2. Consolidation and analysis of comments

- 3.2.1. Once comments were received from all interested stakeholders, the FSCA spent a considerable amount of time consolidating and analysing the feedback to identify and prioritise common emerging themes and concerns.
- 3.2.2. Various internal workshops were held with different FSCA supervisory, policy and support teams to assess the impact of the emerging themes and concerns for both sector-specific and cross-cutting reporting purposes.
- 3.2.3. On balance, the comments received provided very useful insights, particularly around the value of data being requested and opportunities for potential streamlining of future reporting requirements.
- 3.2.4. It is worth noting that while some sectors submitted quite detailed and helpful comments, others provided very limited feedback, making it difficult to undertake a proper assessment of their readiness for future implementation of the Omni-CBR. Further targeted engagements need to be undertaken in respect of the latter sectors during the next phase of the roll-out.

3.3. Key themes emerging from stakeholder feedback

- 3.3.1. Below is an overview of the key themes emerging from the consolidated stakeholder feedback. Further details on each theme are provided in the table contained in **Annexure A**.
- 3.3.2. Structure, format, and functionality of the reporting template

Commentators highlighted several structural challenges, including queries about response options, suggested enhancements to the reporting format and additional reporting categories. Recommendations were also made for more streamlined and user-friendly reporting sheets.
- 3.3.3. Training and implementation guidance

Several entities, especially smaller Financial Service Providers (FSPs), expressed a strong need for further training on understanding and using the return. Requests were made for pre-populated data sheets and the development of a manual containing guidance on how to complete the return.
- 3.3.4. Reporting process challenges

Commentators raised a number of practical challenges relating to the resource and cost impact of the reporting process, the need for additional systems development, limitations in financial reporting tools and portal capacity, adequacy of data security controls, and complexities in identifying a diverse range of financial and non-financial products and services for reporting purposes.

3.3.5. FSCA's authority relating to the scope of data being requested

A few questions were raised regarding the FSCA's specific mandate to request the range of data contained in the draft template. Commentators requested clarity on the prescriptive nature of the reporting, including information being requested in respect of aspects potentially falling outside the FSCA's regulatory ambit.

3.3.6. Data collection challenges

Challenges were identified related to data estimation and collection methodologies, gender-based and other sensitive demographic categories, group entity data, allocation for foreign FSPs, data collected by service providers, identity-based challenges, annual revenue tracking and product management requirements.

3.3.7. Frequency of reporting

Several commentators raised concerns about the frequency of reporting and questioned the value of having to report certain data on a quarterly basis. A few alternative reporting frequencies were suggested.

3.3.8. Definitional clarity

Commentators highlighted the importance of ensuring clarity and a consistent understanding of certain technical terminology and concepts used in the return. Requests were made to include clearer definitions of various terms and concepts used in the return.

3.3.9. Confidentiality of reported information

Questions were raised about steps to be taken by the FSCA to preserve the confidentiality of information provided by institutions and the need for greater transparency on how the information will be used. There were a few concerns about potential discrimination against certain entities based on sensitive data being requested.

3.3.10. Overall, the stakeholder feedback has highlighted a number of important factors that require further consideration and broader consultation to ensure a more streamlined, efficient, and effective conduct reporting framework in the longer term. Such a framework must balance the need for consistent access to meaningful data that facilitates and monitors the delivery of fair outcomes to financial customers without imposing disproportionately burdensome or overly complex compliance obligations on financial institutions.

3.3.11. The above will require clearer ongoing guidance to, and deeper collaboration with, market participants to refine the Omni-CBR framework so that future conduct reporting is implemented in a pragmatic and proportional manner that enhances

transparency and confidence in the financial sector for the benefit of both financial customers and financial institutions alike.

3.3.12. The FSCA also notes with appreciation the significant interest indicated by various institutions to be involved in the pilot phase of the Omni-CBR roll-out as indicated under Phase 2 of the Roadmap. This will be a crucial component of the roll-out that is intended to provide much deeper insights on the potential operational and cost implications of implementing the framework.

4. NEXT STEPS

- 4.1. In light of the voluminous and critical feedback received through both the general consultation process and specific sector-wide and individual institutional engagements, the draft Omni-CBR template is currently undergoing a number of changes, including a significant streamlining of data points requested.
- 4.2. Additionally, engagements are ongoing with the Prudential Authority to ensure alignment with, and mitigate potential duplication of, regulatory reporting requirements where relevant.
- 4.3. The FSCA is also finalising a consultation survey to obtain deeper insights on the potential operational and systems impact of future Omni-CBR reporting. The survey is envisaged to run, to the extent reasonably possible, in parallel with the industry pilot of the revised reporting template.
- 4.4. To give proper and considered effect to the various pieces of work described above, the implementation timelines originally communicated in the Roadmap are currently under review and will be extended. A more granular breakdown of the extended timelines for Phase 3 and Phase 4 of the Roadmap will be communicated during 2024.
- 4.5. During the first half of 2024, work will continue on the Phase 1 and Phase 2 activities described in the Roadmap, targeting the following timeframes:
 - 4.5.1. Continuing with follow-up industry engagements to clarify outstanding issues raised in respect of the current version of the draft Omni-CBR template until **1 April 2024**.
 - 4.5.2. Publishing a revised, streamlined version of the draft Omni-CBR template by **1 July 2024**.
 - 4.5.3. Publishing an industry survey on the potential operational and systems impact of implementing the revised Omni-CBR requirements by **1 July 2024**.

- 4.6. The above timelines are also subject to possible revision during 2024 in light of further refinement and harmonisation efforts that may be required following from the pending enactment of the Conduct of Financial Institutions Bill (CoFI Bill).
- 4.7. The planned industry pilot will be launched in the second half of 2024 subsequent to, and based on, the outcomes of the survey referred to in 4.5.3 above.
- 4.8. Further updates on progress relating to the activities described in this section will be provided by **1 July 2024**.

5. ENQUIRIES

- 5.1. For more information about this Communication, please contact Ms Marrelie Victor at Marrelie.Victor@fsca.co.za and copy FSCA_Omni_CBR_Comments@fsca.co.za.



FARZANA BADAT
DEPUTY COMMISSIONER
FINANCIAL SECTOR CONDUCT AUTHORITY

Date of publication: 04 December 2023

ANNEXURE A – Overview of stakeholder feedback

THEME	DETAILED FEEDBACK
<p>Structure, format, and functionality of the reporting template</p>	<ul style="list-style-type: none"> • Requests to expand the "Other comments" section to accommodate more detailed feedback. • Queries regarding the appropriateness of using Yes/No responses when the reporting system only accepts numerical inputs. • Proposals for adding an "Other" option alongside existing choices, with the ability to provide additional details in the comments section. • Comments on the absence of an option for selecting a LISP (Category III) or Category I FSP solely engaged in intermediary services, indicating a need for additional reporting categories. • Recommendations to introduce an "Other" column for channels not fitting the provided descriptions, as banks have diverse alternative customer interaction methods. • Concerns about the potential double counting of certain data elements. • Proposals to consolidate several sheets, including Life Insurer - Fund Invest, Life Insurer - Fund Invest MR, Life Insurer Fund Invest W, and Life Insurer Fund Invest C, into a single sheet for ease of reporting. • Requests that data be pre-populated in the return.
<p>Relevance and suitability of questions</p>	<ul style="list-style-type: none"> • Questions regarding the application of requirements to loan books and concerns about certain questions in the draft return primarily addressing insurance products, potentially overlooking deposit-related information. • Concerns that questions on the All Sheets are oriented towards insurance products and do not adequately cater for other sectors. • Clarification on how certain requirements should be applied to Corporate & Institutional customers, especially when they act as agents for underlying customers. • Not always clear how foreign FSPs should respond to questions, especially when the questions seem to apply only to South African domiciled entities. • Suggestions to include incubator funds in the reporting questions. • Clarification on whether the reference to "linked investment services" should be to "linked investment services provider." • Recommendations to add an "Other" option for CIS portfolio distribution channels, as portfolios can be distributed through multiple channels.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Clarification that "Members" are not relevant in the context of a CIS Manager with suggestions that the option should read "via an intermediary". • Suggestions to rename the sheet "CIS & HF Format Annexure A Guidance" as it appears to provide guidance rather than requiring completion. • Recommendations to change the wording to specify the number of funds with only one investor, or where all investors other than the seed capital are connected investors at the end of the reporting period. • It was suggested that the return should specify categories such as money market funds, feeder funds, fund of funds, Hedge Fund CIS or whether such details should be included in the "Other" category. • Some questions were considered not applicable to Linked Insurers, and suggestions were made to remove them from the reporting requirements.
<p>Training and operational impact</p>	<ul style="list-style-type: none"> • Requests for further training and guidance on how to use the return, especially for FSPs. • Concerns regarding cost, internal resourcing, data security and information privacy. • Concerns around extensive systems development required to align with reporting requirements. • Potential costs of acquiring additional systems and financial reporting tools. • Need for data aggregation capabilities was emphasised. • Different approaches to system development for different sized FSPs were proposed, including online web-based systems and Excel-based templates. • Concerns about the capacity of the submission portal. • Concerns about potential data overlap for insurers and other product providers that are also FSPs. • Concerns were expressed about needing to build system capability to identify all financial products/financial services, as well as non-financial products/non-financial services, and how to report on these matters. • Requests for clear reporting timelines to avoid duplication of effort, multiple reporting and associated costs. • Concerns around additional system development to enable reporting for successful tracing and pay out of benefits.
<p>Mandate and scope of information requested</p>	<ul style="list-style-type: none"> • Concerns regarding the FSCA's legal mandate to request some of the data in the return. • Questions around legal mandate to request information for product uptake, distribution, and ongoing product management based on specific customer demographics as implied in certain sections of the draft return.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Concerns that the Conduct Standard for Banks does not have requirements relating to solvency, deceased customers and record-keeping on instructions received concerning suspense accounts. Questions on the legal basis for requesting this data since banks are not currently required to keep records in this regard. • Concerns on questions related to products regulated under the National Credit Act which may be outside the scope of the FSCA's mandate. • Clarification regarding reporting obligations for products before the effective date of the Conduct of Financial Institutions Bill (CoFI Bill). • Requests to refer to the specific legislation or regulation that mandates FSPs to retain and report on certain requested information.
<p>Data limitations and usage risks</p>	<ul style="list-style-type: none"> • Concerns about the ability of entities to collect some of the data being requested, eg annual revenue, or fund value data for reporting entities. • Challenges in estimating certain costs, especially related to client transactions and remuneration. • Requests for the FSCA to provide a methodology for calculating the requested costing information. • Challenges around reporting on gender, race and other demographic information which may not always be available due to customers choosing not to provide such. Additional challenges in deducing such information in cases where Identification (ID) Numbers are not generally collected. • Challenges in combining data for different entities within a financial services group were raised across various sectors. • Challenges around allocation of fees and costs for foreign FSPs operating in multiple jurisdictions with only a portion of their business conducted in South Africa. • Data and systems limitations relating to financial institutions' arrangements and interactions with third party service providers. • Clarification required as to whether financial institutions are required to start tracking the annual revenue of each client and associated concerns where the client base is quite large. • Concerns about the implied requirement for product uptake, distribution and ongoing product management based on specific customer demographics. While the information may be available for certain age groups, questions arose about whether the recording of such information aligns with the age parameters in the draft return, potentially requiring further automation. • Challenges around FSPs reporting on data that can only be extracted by product providers.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> Concerns on ability to report when an investment in a CIS portfolio is received from a LISP as the CIS Manager may not know the number of retail customers/investors. Concerns regarding the availability of data to complete some portions of "CIS & HF Format Annexure A" where it requires a report on the current risk profile and systems employed to manage risk and a report by a compliance officer on the system of internal controls. Difficulties in answering some excess related questions based on claims data, as the excess in relation to a claim can only be determined once the claim is fully quantified and settled. Concerns around duplicate reporting of information already being provided to other regulators. Queries on how the FSCA would maintain the confidentiality of information being requested and not use the information for secondary, non-specified purposes. Some suggestions that Omni-CBR reporting information should be made public. Concerns about the sensitivity of certain information related to insolvency or business rescue. Concerns about the potential for discrimination based on questions related to gender and race. It was suggested that there should be consultation with the South African Human Rights Commission (SAHRC) to determine appropriate classifications for such reporting.
Frequency of reporting	<ul style="list-style-type: none"> Several concerns about quarterly reporting being too onerous. Some proposals were provided for alternative reporting frequencies and themed approaches to data collection. Suggestions that certain questions may not yield meaningful information on a quarterly basis but may be more appropriate for bi-annual or annual reporting. Some concerns about the difficulty of determining the assets backing policyholder liabilities with a detailed split on a quarterly basis and within a month.
Terminology issues	<ul style="list-style-type: none"> Suggestions for pre-populated sheets and a comprehensive terminology list upfront, including proposals for certain entity or sector specific terminology. Concerns about the specificity of questions and terminology not sufficiently accommodating different business models across the sector. Questions around the definition of terms such as "repatriation" as an additional benefit in non-life insurance and whether terms such as Value-Added Products (VAPs) or just Assistance Services would be more appropriate, with additional clarity requested for phrases such as "provide additional benefits". Questions about whether the terms "staff" or "customers" should be used as it is not always clear which employees should be included in the calculation of the number of staff of customers.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • For CAT I FSPs, with only mandated representatives, questions were raised about whether the term "staff" includes these mandated representatives or whether "staff" is limited to employees as defined in the Labour Relations Act, No. 66 of 1995 (LRA). • Clarity requested on the term "Group" and whether it refers to the "group of companies", the designated Insurance Group, the designated Financial Conglomerate Group, or the definition of "associate" in the FAIS General Code of Conduct. • Questions about what constitutes an "actual event" and the need for detail on what would be significant enough to trigger a change in control. • Clarity required regarding the meaning of "sponsor". • Further clarification required regarding the meaning of "commission" in the context of reporting. • Queries about whether the amount to be reported as "received" should be net of commission clawbacks. • Clarity required regarding the definition of "value" in the context of different sectors. • Suggestion to define what is meant by "senior management". • Queries about the distinction between executives and senior managers considering the definition in the Insurance Act, No. 18 of 2017 (Insurance Act). • Concerns that the categories of Technical or Professional staff may overlap with senior or executive management roles. • Clarity required on what "financial interest" refers to and who receives it. • Clarity required on whether the remuneration questions required information on salaries, dividends and allowances like vehicle, cell phone or travel allowances. • Questions regarding the meaning of "leadership," specifically whether it refers to management or the board (governing body). • Clarity required on the definition of "errors" in the context of reporting. • Recommendations to replace references to "TCF" with "Market Conduct." • Clarity required regarding the definition of "unallocated funds or benefits", as well as the definition of "unallocated" and "unclaimed benefits". • Further clarity required on what constitutes "an existing relationship". • Suggestions to define the phrase "collection of funds." • Suggestions to define or clarify the scope of "theft", including clarity on whether this encompasses data theft or conventional theft.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Clarity required on what is meant by "intended proceedings". • Concerns expressed about the term "single premiums in force". • Suggestions to define "critical and sensitive positions", as they may vary across the sector, including clarity on whether this extends beyond positions in control functions. • Requests to clarify the definition of "payments," specifically regarding the reference to "benefits". • Queries about the breakdown of refunds in terms of annual revenue and consequences if a business does not provide its annual revenue. • Requests to define the term "refund" and clarify whether full and partial refunds should be excluded. • Clarity required on whether an Electronic Funds Transfer (EFT) qualifies as cash or other. • Requests for clearer definitions of "administrator" and "administration services" to avoid ambiguity. • Concerns about the lack of a definition for "Business" and "instruction". • Questions about the definition of "charges" and whether this refers only to monthly transactional fees or includes all charges, such as penalty fees and statement fees. • Suggestions to clearly define product information classes need and provide further details on what each of these classes comprise of to ensure accurate responses and prevent inconsistencies in interpretation. Example provided is the distinction between Savings Accounts, Deposit Savings, and Cheque Accounts, which may be interpreted differently by different institutions. • Clarity required on the term "functions" to help entities can better understand the data being requested. • Further clarity required on the meaning of "funds," as a CIS Manager has CIS portfolios, including concerns about potential double counting. • Definitions requested for terms such as "assets under management" and "scheme," which are not defined or legal terms. • Clarity required on terms such as "existing benefit", "new benefit", and "enhanced benefit". • Suggestions to include definitions and rephrase questions related to investigations, audits and costs. • Clarity required on specific reporting details such as the counting of recurring payments, the meaning of "peril not covered", the difference between "withdrawn" and "repudiated", and the scope of "investigation". • Suggestions to include clearer definitions of "withdrawal" and queries on whether payments made in respect of policies maturing should be included as "withdrawals".

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Suggestions to include guidance on how the number of claims should be calculated for disability income claims. Specifically, whether each payment should be counted as a separate claim, counted once when originally reported to the insurer, or counted once for each reporting period during which the claim is paid. • Suggestions to define the term "partially" in the context of claims reporting. • Questions on whether premium reporting should include premiums for policies no longer in force at the end of the reporting quarter. • Suggestions to use the phrase "gross earned premium" for accuracy. • Suggestions to clarify terms such as "service providers" and "legal services" from a fund's perspective. • Queries on the distinction between shareholders and sponsors with suggestions to change "Directors" to "Trustees." • Clarity requested on the types of customers for retail retirement funds.
<p>Other theme specific clarifications requested</p>	<p>Committees</p> <ul style="list-style-type: none"> • Additional clarity sought on reporting expectations in respect of "board sub-subcommittees". <p>Communication to customers</p> <ul style="list-style-type: none"> • Questions raised on what would entail communication to customers for reporting purposes. <p>Complaints</p> <ul style="list-style-type: none"> • Clarity requested on whether reporting should focus on complaints about the actual complaints process or escalations through the complaints process, including internal escalations. <p>Complex Reporting Scenarios</p> <ul style="list-style-type: none"> • Uncertainty exists regarding how to complete questions when FSPs render services to multiple entities. <p>Customer types</p> <ul style="list-style-type: none"> • Concerns about lack of alignment in definitions related to retail customers, financial customers, juristic customers, and small and medium-sized enterprises (SME) customers in existing legislation and standards, including in respect of NAV (Net Asset Value) or annual turnover thresholds. • Indications that information based on segmentation between retail and business customers may not be readily accessible or easily available for reporting purposes. <p>Cyber-attacks/breaches/fraud</p> <ul style="list-style-type: none"> • Suggestions that the question regarding cyber-attacks should be limited to successful attacks and should exclude unsuccessful attempts.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Greater clarity requested on the distinction between internal and external breaches, specifically whether it relates to the party perpetrating the breach, or its impact being internal or external. • Suggestions to limit the question about breaches of financial sector laws to material/serious breaches. <p>Double Reporting</p> <ul style="list-style-type: none"> • Many concerns about potential duplicating reporting. • Lack of clarity as to why an FSP should report the same information as the product provider. <p>Dual regulated entities</p> <ul style="list-style-type: none"> • Clarity requested on level of reporting for entities that are dually regulated by the FSCA and JSE. <p>Fees</p> <ul style="list-style-type: none"> • Various comments regarding the classification of fees. • Examples: Should advice fees be reported under "other" and how policy admin fees should be categorised. <p>Financial services versus financial products</p> <ul style="list-style-type: none"> • Suggestions that data should be provided in respect of financial products rather than trying to quantify the number of "financial services" provided for each financial product as this could be challenging. <p>Investments</p> <ul style="list-style-type: none"> • Questions about the scope of "investments" in the context of reporting, including whether it includes cash in the bank and property investments. <p>Incentives</p> <ul style="list-style-type: none"> • Questions regarding the reporting of "incentives". • Clarity sought on whether incentives or gratuities paid to third parties on behalf of a representative should be included. • Further clarity was sought on whether "incentives" are limited to financial incentives or include non-financial incentives. <p>Information Technology (IT) systems</p> <ul style="list-style-type: none"> • Clarification required on whether an entity with outsourced systems should report on the outsourced systems and functions. • It was further not clear whether "systems" referred to bespoke systems or whether applications like Microsoft Word and Excel should be included.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Questions arose about what constitutes "changes" to a system, ie would any change or update be relevant or only significant developments. <p>Instructions from customers</p> <ul style="list-style-type: none"> • Questions about whether systems need to indicate both the date of receipt of an instruction and the date of completion of the transaction to track turnaround times. <p>Marketing and advertising</p> <ul style="list-style-type: none"> • Queries on what would be considered "marketing" and whether all types of marketing information should be aggregated. • Practical challenges raised regarding the split of advertising and marketing spend between individual policies and group policies with suggestions that such division may not be feasible. <p>Ownership</p> <ul style="list-style-type: none"> • Several comments regarding the need for clarification in reporting. • Questions about whether these questions apply only to entities owned by or owning other entities providing financial services in South Africa, or if ownership by entities offering financial services in jurisdictions other than South Africa should also be considered. <p>Payments/benefits/refunds/money</p> <ul style="list-style-type: none"> • Queries about whether "payments of benefits" include withdrawal benefits, transfers, death benefits, and disability benefits. • Clarification sought on whether a withdrawal from an investment account should be considered a refund. • Questions on whether "money" refers to contributions received in respect of the retirement fund or extends to all monies received by section 13B administrators. • Questions regarding how the number of benefits in force should be counted, whether it refers to the number of members of the fund with the benefit or the number of funds with the benefit. • Clarity sought on whether "number of benefits terminated by the policyholder" should include or exclude members whose risk benefits terminate due to leaving employment with the employer. <p>Performance fees</p> <ul style="list-style-type: none"> • Clarity sought on whether the reported performance fees should represent the actual performance fees charged or the number of funds that charge a performance fee. <p>Services/functions/agreements</p> <ul style="list-style-type: none"> • Questions about whether consultancy services encompass actuarial and valuation services, with recommendations to include an "Other" category.

THEME	DETAILED FEEDBACK
	<p>Unclaimed benefits</p> <ul style="list-style-type: none"> • Clarification sought on whether the reported numbers should include unclaimed benefits or only claims that have not yet reached 24 months at the end of the reporting period. <p>VAT Inclusion</p> <ul style="list-style-type: none"> • Clarification requested on inclusion or exclusion of VAT in reported amounts.
<p>Sector specific issues</p>	<p>Banks</p> <ul style="list-style-type: none"> • Concerns raised about banks not having easy access to a corporate's live balance sheet or income statement, making it difficult to record turnover or profit, especially if the client does not hold their full portfolio with the bank. • Suggestions to split credit insurance policies sold per credit product, such as vehicle finance (VAF), personal loans, home loans, and credit cards to provide more insightful data. • Clarity sought regarding certain terms and concepts mentioned in the reporting, such as fraud. • Concerns that certain elements requested may not align with existing regulations, e.g. the Conduct Standard for Banks. • Suggestions to cater for situations where a customer walks into a branch and requests an account or engages in financial market trading without a traditional sales process. • Challenges around the availability of certain information relating to Corporate & Investment Banking customers. <p>FSPs</p> <ul style="list-style-type: none"> • Questions about whether the reporting pertains to Key Individuals (KIs) acting as representatives or management KIs. • Suggestions for providing data in respect of financial products rather than financial services, as quantifying the number of services provided for every financial product might be challenging. • Questions on how the value of financial services for the book of business needs to be calculated for a CAT I FSP <p>Insurers</p> <ul style="list-style-type: none"> • Clarity requested on whether car hire services fall under motor policies. • Questions raised on what constitutes a "Tax Risk" product and what is considered "Legal Assistance" services.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Suggestions to provide a methodology for determining the number of binder functions and whether the request pertains to the total aggregation of binder fees. • Clarity requested about the term "cover types" with suggestions that the question be rephrased to state the number of cover types issued in the reporting period to avoid confusion. <p><i>Investments/CISs/Hedge Funds</i></p> <ul style="list-style-type: none"> • Clarity required on the distinction between funds under management and assets under management. Questions about the methodology for calculating the total number of funds allowed to charge performance fees. • Clarity required as to when the reporting period starts and whether asset managers must account for all funds prior to the end of the reporting period. • Various clarifications required regarding the applicability of certain questions, with concerns about whether they should only apply to investment managers. • Questions raised about the differentiation between asset managers, administrative FSPs (CAT III), and discretionary investment management services. • Questions about why an asset manager would disclose an unregulated fund and what the distinction is between "unregulated" and "unregistered" funds. • Clarity sought on whether "total value of unallocated funds" refers to unallocated funds in the trust account awaiting investment, and whether it relates to Unit Trust Funds or Retirement Funds. • Clarification sought on whether the information request pertains to all managed products and services, including regulated and unregulated ones with a proposed definition for "funds" and "unregulated funds." • Suggestions that regulated funds include segregated model portfolios, collective investment schemes (CIS), hedge funds (HFs), while unregulated products encompass alternative investments and private equity funds. • Queries on whether Omni-CBR reporting would replace Morningstar reporting for asset managers. <p><i>Retirement Funds</i></p> <ul style="list-style-type: none"> • Questions about whether some reporting requirements only applied to transfers made under Section 14 of the Pension Funds Act, No. 24 of 1956 (PFA) and whether the transferee fund is responsible for the reporting.

THEME	DETAILED FEEDBACK
	<ul style="list-style-type: none"> • Queries on whether the reporting should include the number of funds that have terminated, but are still pending deregistration by the FSCA, with suggestions to have a separate line item for this. • Questions about which member categories should be included in the reporting, seeking clarification on whether it encompasses active contributing members, paid-up members, phased retirees, and others. • Queries about whether the reporting should include unclaimed benefits funds and unclaimed benefits in an occupational fund. • Questions and suggestions concerning the reporting of pending benefits, including whether it should include section 14 transfers with extension approval and whether the 12-month period under section 37C of the PFA should be considered. • Clarity sought on the starting date for calculations and whether it should apply to active contributing members only. • Concerns about potentially introducing a new type of salary for retirement funds and the need to align with the Conduct Standard on pension fund contributions. • Comments regarding Retirement Funds that do not render financial services, but provide financial products, as they are not-for-profit entities without ownership structures. Further concerns about the applicability of questions related to staff especially for most funds that may not have staff. Suggestions to include references to fund officials instead.