



**MEMORANDUM OF UNDERSTANDING
(MOU)**

between

**The Financial Sector Conduct Authority
(FSCA)**

and

**The National Credit Regulator
(NCR)**

(Together the 'Parties')

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Introduction

- 1.1 Sections 26, 27, 76 and 77 of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017) (FSR Act) require the financial sector regulators (defined to include the NCR and the FSCA) to co-operate and collaborate when performing their functions in terms of financial sector laws and the National Credit Act, 2015 (Act No. 34 of 2005) (NCA) and to enter into one or more Memoranda of Understanding (MoUs) to give effect to such co-operation and collaboration. This MoU is entered into between the Parties as so required.
- 1.2 The FSR Act and the NGA generally govern the relationship between the Parties and this MoU, in particular, seeks to facilitate co-operation and collaboration when the Parties perform their functions in relation to a financial institution -
 - (a) that provides credit in terms of a credit agreement regulated by the NCA as provided for in section 2(1)(g) read with section 58(2) of the FSR Act (credit provider);
 - (b) that is a credit provider and that provides a service related to the provision of credit as provided for in section 3(1)(g) of the FSR Act;
 - (c) that is a credit provider or an insurer and that provides a financial service in respect of credit insurance.
- 1.3 In terms of section 58(2) of the FSR Act the FSCA's supervisory and regulatory functions in respect of the conduct of a credit provider in relation to the provision of credit is limited to matters referred in section 108 of the FSR Act.
- 1.4 The FSR Act further empowers the FSCA to supervise and regulate (including licensing, enforcement and making of conduct standards) financial institutions that -
 - (a) are credit providers and that provide financial services other than the services referred to in paragraph 1.2; and
 - (b) are not credit providers and that provide a service relating to the provision of credit as provided for in section 3(1)(g) of the FSR Act.

2 Purpose

- 2.1 This MoU is intended to -
 - (a) strengthen and formalise a relationship of trust, good faith, mutual co-operation, support, mutual assistance, information sharing, and appropriate co-ordination of actions in terms of relevant financial sector laws and the NGA between the Parties;
 - (b) enable the Parties to reach a common understanding on areas where their respective regulatory and supervisory objectives and responsibilities may overlap; and
 - (c) promote good inter-agency relationship between the Parties within the framework of inter-governmental relations policies and legislation.



3 Interpretation

- 3.1 Words and/or expressions used in this MoU that are defined in the FSR Act shall have the same meaning as in the FSR Act, unless the context indicates otherwise.
- 3.2 The singular includes the plural and vice versa.
- 3.3 In this MOU a reference to "a financial service" means the activities as defined in section 3 of the FSR Act.

4 Information sharing

- 4.1 The Parties will, on an ongoing basis, and with due regard to the provisions of section 251 of the FSR Act and relevant provisions of the NGA, inform each other about, and share information about, matters of common interest.
- 4.2 The Parties will proactively identify types of information which, if shared, would enhance appropriate cooperation and collaboration between them, including but not limited to information obtained or in the possession of one Party that would be likely to assist the other Party in administering, supervising or enforcing financial sector laws or the NCA.
- 4.3 In addition to identifying the type of information that must be shared, the Parties shall establish a Protocol setting out the basis upon which the information must be shared.


5 Minimising duplication of effort and expense

The Parties shall endeavour to minimise the duplication of effort and expense by establishing and using, where appropriate, common or shared databases and other facilities.

6 Areas of co-operation and collaboration

- 6.1. The Parties agree to co-operate and collaborate when performing their functions in terms of financial sector laws and the NCA on the matters set out in section 76 of the FSR Act.
- 6.2. The Parties agree that, in order to facilitate the implementation and execution of this MoU, additional or supplementary processes and procedures between the Parties may be documented in Protocols, which will prescribe detailed practical steps and/or arrangements between the Parties. The Protocols will not form part of this MoU.
- 6.3. The Parties undertake to promptly and reasonably cooperate, collaborate, and

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share relevant information with the South African Reserve Bank and each other to maintain, protect and enhance financial stability.

7. Resolution of conflicts

- 7.1 The parties will maintain open communication between one another in accordance with the purpose of this MOU and strive to ensure early resolution of any points of disagreement arising out of the interpretation, operation and implementation of this MoU.
- 7.2 The parties understand and acknowledge that they have a mutual interest in resolving disagreements in a timely and efficient manner.
- 7.3 If a disagreement between the Parties cannot be resolved through the mechanisms and principles provided for in this MoU, the Parties will each ensure that appropriate escalation mechanisms are in place within their respective organisations, with the CEO of the NCR and the Commissioner of the FSCA respectively being the highest levels to which resolution of a disagreement are to be escalated.

8. General Provisions

- 8.1 The Parties agree to secure and maintain sufficient and appropriate resources in order to implement this MoU.
- 8.2 No provision of this MoU shall directly or indirectly confer a right on any person or entity other than the Parties, to obtain any information, to demand any action or to challenge any act performed in the execution of this MoU.
- 8.3 The terms, operation and implementation of this MoU will be subject to periodic review by the Parties at least every three years, in accordance with subsections 77(4) to (6) of the FSR Act. Any amendment agreed to by the Parties must be reduced to writing, shall form part of this MoU and shall come into effect on a date agreed upon by the Parties.
- 8.4 This MoU will come into effect on the earliest of the date of signature by the last Party thereto or 1 October 2018.

Signed and agreed to at MURAND on this 1ST day of OCTOBER 2018.



Chief Executive Officer
For and on behalf of the National Credit Regulator

Signed and agreed to at PRETORIA on this 28th day of September 2018.



Commissioner xx ABEL MOFFAT SITHOLE
For and on behalf of the Financial Sector Conduct Authority 

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