Integrated Report 2023/2024

FSCA
Financial Sector
Conduct Authority


FSCA

Table of Contents

Navigating Our Report

Material matters

- Talent management
- Governance and reputation
- Digital transformation
- Fair outcomes for financial customers
- Managing stakeholders
- Funding

Capitals

- FC Financial capital
- IC Intellectual capital
- HC Human capital
- MC Manufacturing capital
- SC Social capital
- NC Natural capital

Stakeholders

- Employees
- Suppliers
- Government
- Parliament
- Financial customers
- Regulated persons
- Media
- Other regulators

Value indicators

- Value created
- Value eroded
- Value preserved

Part A

About this report

Introduction

The aim of this report is to communicate to our stakeholders how we create, preserve or erode value over the short, medium and long term. This report covers our leadership overviews, operational overview, our strategic performance, our governance accountability, and our financial performance. We aim to provide our stakeholders with a focused and balanced report that demonstrates our integrated thinking.

Material matters

We have implemented a materiality identification process in determining the matters that materially impact our ability to create, preserve or erode value over time. Our Exco reviews and approves these material matters in line with our governance processes. We have identified six material matters that are linked to our strategic risks, strategy and functions and report on them to serve the information and decision-making needs of our stakeholders. The material matters are:

i) effective talent management,
ii) digital transformation,
iii) managing stakeholders' needs,
iv) maintaining good governance and reputation,
v) fair outcome for financial customers, and
vi) funding.

The process is conducted annually to ensure our material matters remain relevant and enable us to achieve our strategic objectives.

Reporting scope and boundary

This report covers the period from 1 April 2023 to 31 March 2024. Material events after this date and up to the executive committee approval date, have been included.

Basis for preparation

Our report has been prepared in accordance with Generally Recognised Accounting Practice (GRAP), the King IV Report on Corporate Governance and the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The report was compiled using the principles and content elements contained in the International Integrated Reporting Council's International Framework.

Control and combined assurance

We have established a Combined Assurance Model to implement and embed the combined assurance framework principles approved by the Audit Subcommittee. The model will help us to improve efficiency and understanding of our enterprise risk management and internal control. In addition, the model also provides assurance on defined risk ownership responsibilities with independent levels of oversight.

The Audit and Risk Subcommittees provide oversight on the combined assurance model and consider the levels of assurance to be appropriate. The following assurance has been provided on specific disclosures in our Integrated Report for the year ended 31 March 2024.

Assurance Provider	Assurance provided
Auditor General of South Africa	▪ Unqualified audit opinion on Annual Financial Statements (AFS) (refer to page 104 of the AFS) ▪ No material findings on reported performance information and compliance with legislation
Internal Audit	Assurance provided over: ▪ Risk management ▪ Governance and ethics ▪ Information technology governance ▪ Internal control systems ▪ Financial control

Approval of the report

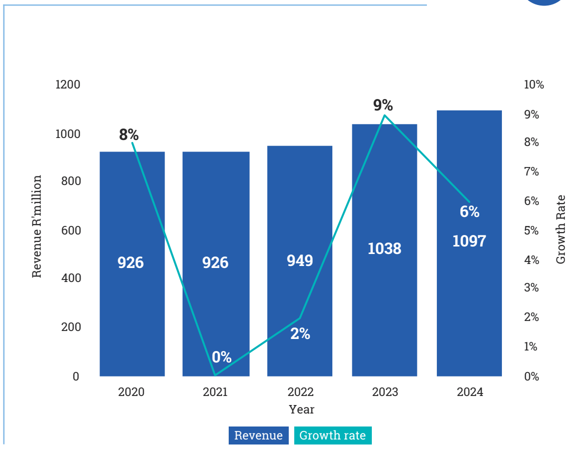
The Accounting Authority acknowledges its responsibility to ensure the integrity of our Integrated Report. Accordingly, the Audit Subcommittee, which has oversight responsibility for the report, recommended it for approval by the Accounting Authority.

The Accounting Authority confirmed it assessed the report and is satisfied that it represents all material matters and presents a balanced account of our performance and ability to create value and that sound controls are in place and implemented effectively to ensure the integrity of the report. The Accounting Authority approved this report on 29 August 2024.

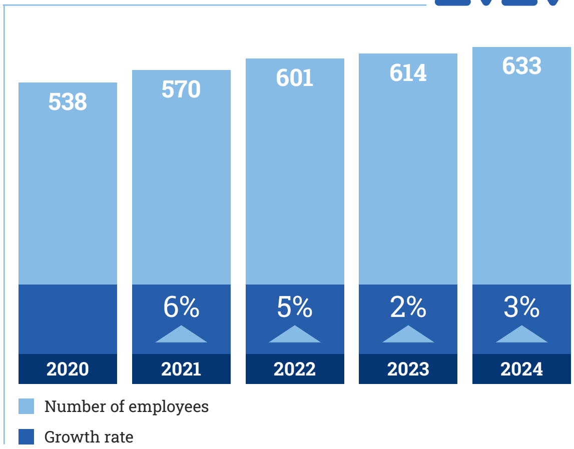
Unathi Kamlana
FSCA Commissioner

Our value creation in practice

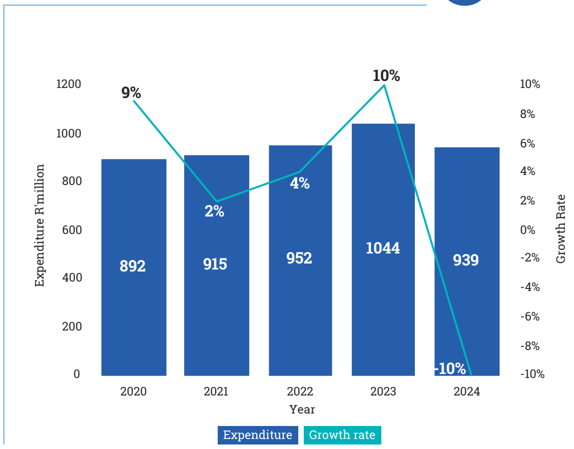
REVENUE GROWTH



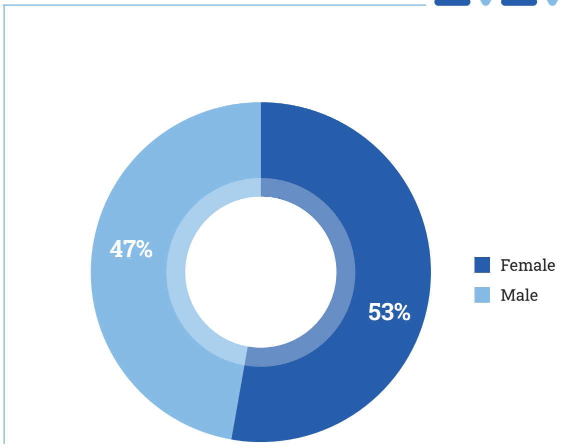
NUMBER OF EMPLOYEES



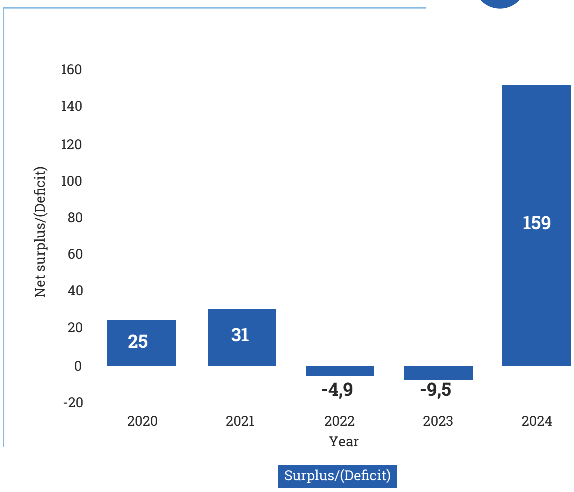
EXPENDITURE MOVEMENT



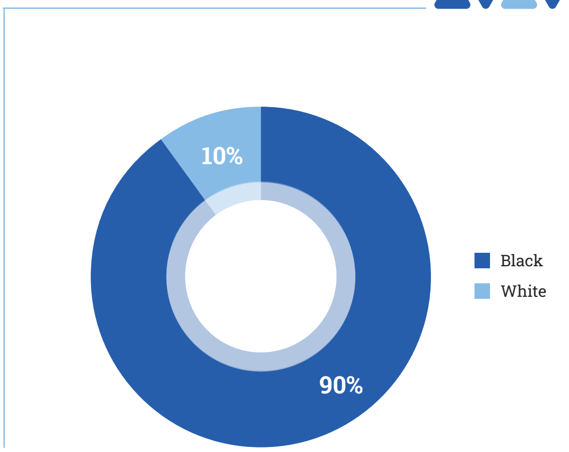
GENDER



NET SURPLUS/(DEFICIT)



RACE



668 Licences authorised for providers of financial products, services and market infrastructures	**84** Workshops conducted with small, medium and micro enterprises	**5 515** Learners participated in the financial literacy competition in nine provinces
156 Debarment orders issued	**R438m** Spent on Broad-Based Black Economic Empowerment (B-BBEE)	**418** Investigations Finalised
R943m Imposed in penalties and fines	**75** Licence withdrawals effected	**104** Scam alerts issued
9 731 Financial customers complaints resolved	**1 900** Regulatory actions taken	**11 465** Annual financial statement reviews conducted
1 061 Licence suspensions effected	**110** Financial educational activities conducted	**59** Licences authorised for Crypto Asset Service Provider (CASP)

Part B

Introductions

In this chapter

- Introduction by the Minister of Finance
- Reflection by the Commissioner

Introduction by the **Minister of Finance**

Enoch Godongwana
Minister of Finance

The milestones mentioned here are just a few of many that the FSCA has achieved. **I am confident that the FSCA will continue to execute its mandate diligently going forward.**

Throughout the 2023/24 financial year, the global economic environment has been marked by uncertainty and volatility. Geopolitical tensions and rising inflation have prompted tighter monetary policies and higher interest rates. Domestically, difficult economic conditions, including persistent energy supply constraints, have significantly impacted our growth trajectory. Despite the recent reduction in load-shedding, economic activity has remained sluggish, with real Gross Domestic Product (GDP) contracting by 0.1% in the first quarter of 2024. This follows a revised 0.3% increase in the fourth quarter of 2023. At these rates GDP growth remains well below what are immediate and long-term developmental needs demand.

The FSCA mandate, to oversee and regulate the conduct of the financial sector, is crucial in protecting consumers during these turbulent times. I am pleased that the FSCA has lived up to its mandate. It has successfully achieved 80 percent of its targets for the 2023/24 financial year. Of particular note is the achievement of 90 percent of the targets set out in its Regulation Plan, which outlines the FSCA's regulatory programme for the financial year. Another is the publication of the body's second Regulatory Actions Report. The report aligns with the FSCA's commitment to transparency and accountability in its enforcement actions. The report fosters a better understanding by stakeholders of the FSCA's regulatory approach and the impact of its work. This level of meaningful transparency is crucial for an organization responsible for maintaining trust and confidence in the financial sector.

The FSCA has also made major strides in addressing the issue of unclaimed assets, a serious challenge facing the financial sector. It is essential for financial consumers to have the ability to reclaim funds that are rightfully theirs because doing so ensures financial equity, prevents economic loss, and supports the overall integrity of the financial sector. The FSCA has been actively addressing this issue, particularly in the retirement funds industry, by implementing a system that enables members of the public to check if they have unclaimed retirement fund benefits. Given that this challenge extends beyond the retirement funds industry and is prevalent in the financial sector more broadly, I am encouraged by the work that the FSCA has been doing not only to ascertain the true value of the unclaimed assets, but also to develop a holistic and consistent approach to the treatment of lost accounts and unclaimed assets.

Another critical area that the FSCA focused on has been ensuring that employers fulfill their obligations to pay over their employees' retirement fund contributions. The timely payment of employee retirement fund contributions by employers is crucial for securing the financial security and stability of employees upon retirement. When employers fail to make these payments, it jeopardises the future well-being of their workers, undermining their trust and the overall integrity of the retirement system. Recognising the importance of this issue, the FSCA has been diligently working to enforce compliance and promote accountability within the sector. The FSCA's efforts included publishing the names of pension funds and employers with arrear contributions, a powerful tool for transparency and public accountability.

Following the finalisation of the legislative framework for the two-pot system by National Treasury, the FSCA is now playing a pivotal role in its implementation and in educating the public about this new approach to retirement savings. This system is designed to enhance the flexibility and accessibility of retirement funds, allows members to allocate a portion of their contributions to a "savings pot" that can be accessed before retirement, while the remaining funds are preserved in a "retirement pot" until they reach retirement age. The FSCA's role in this transition is critical, as it involves not only overseeing the regulatory aspects but also ensuring that members of pension funds are well-informed about how the two-pot system works.

The transformation of the financial sector and the economy more broadly remains a government priority. Achieving meaningful transformation in the financial sector requires a multi-stakeholder effort. This collaborative approach is well captured in the FSCA's strategy for promoting transformation in the financial sector, published in March 2023. During the 2023/24 financial year, the FSCA has lived up to its commitment to engaging with the sector on transformation as part of its supervisory engagements and by actively participating in the Financial Sector Transformation Council, where the financial sector, labour, and community constituencies are represented. As part of implementing phase one of its strategy, the FSCA has also continued building strong cooperative relationships with other key stakeholders in government, such as the B-BBEE Commission. This collaboration was formalised through a Memorandum of Understanding with the B-BBEE Commission, underscoring the FSCA's commitment to working with other stakeholders to promote transformation in the sector.

The milestones mentioned here are just a few of many that the FSCA has achieved. I am confident that the FSCA will continue to execute its mandate diligently going forward. As the executive authority, I will continue to support the FSCA and ensure that it has all the necessary powers to execute its mandate effectively. The introduction of the Conduct of Financial Institutions (COFI) Bill to Parliament will be among the measures we will be undertaking to strengthen the important role that the FSCA plays in our economy. The COFI Bill aims to streamline and enhance conduct-related financial sector laws governing financial institutions, promoting fair treatment of customers, improving market conduct, and supporting the integrity of the financial markets. The Bill will expand the FSCA's mandate and jurisdiction, including empowering the FSCA to play a more active role in promoting the transformation of the financial sector.

I wish to congratulate the FSCA for being certified as a Top Employer for 2024 by the Top Employers Institute. This recognition demonstrates the organisation's commitment to creating an inclusive, supportive, and high-performing work environment. I convey my sincere thanks to the Commissioner, Mr Unathi Kamlana, and the Deputy Commissioners for their sterling leadership of the FSCA and their untiring efforts toward realising its mandate. I also extend my appreciation to the staff of the FSCA for their commitment and dedication to delivering on the mandate of the FSCA. Their hard work and resilience, particularly in challenging times, have been instrumental in achieving the successes highlighted in this report.

Enoch Godongwana
Minister of Finance

Reflection by the **Commissioner**

Unathi Kamlana
FSCA Commissioner

> Empowering financial consumers is at the heart of our mandate. **We believe that informed and confident consumers are essential to a healthy financial system.**

It is with great pleasure that I present our Integrated Report for the year ended 31 March 2024. In 2023/24 we navigated a challenging economic landscape marked by rapid technological advancements, evolving regulatory demands, and the implications of South Africa being placed on the FATF 'greylist'. The low-growth and high-interest rate economic environment, coupled with the rising cost of living, has affected consumers' purchasing power and increasing financial pressures on households, leading to higher debt levels, reduced savings, and an increased risk of consumer vulnerability. Technological advancements are changing the way financial services are provided, offering new opportunities for innovation but also introducing new risks requiring vigilant oversight.

Evolving regulatory demands have necessitated continuous adaptation to ensure that our frameworks remain robust and effective in protecting consumers and maintaining market integrity.

Protecting Financial Consumers

During the year under review, we have strengthened our oversight mechanisms to detect and address misconduct promptly and enhanced our collaboration with stakeholders. As a result, we registered 483 new investigation cases and finalised 418. Further, we suspended the licences of 1 061 Financial Service Providers (FSPs), withdrew 75 licences, and debarred 156 individuals. We imposed approximately R943 million in administrative penalties on 31 persons, a significant increase from the previous year's R100 million imposed on 44 persons. These decisive enforcement actions demonstrate that we stand ready to take deterrence actions to protect the integrity of the financial sector in line with our strategic objective of acting decisively and visibly against misconduct.

We have also significantly enhanced our collaboration with stakeholders through increased international cooperation, proactive domestic partnerships, and joint initiatives like the Financial Crime Symposium, a platform for public and private sector stakeholders to collaborate on combating financial crime.

Adapting to Technological Change

In responding to the technological advancements in the financial sector, the FSCA has been proactive in embracing innovation while mitigating associated risks. During the year under review, we published the final position paper on Open Finance, outlining our proposed approach to Open Finance from a market conduct perspective, and a report on a market study on crypto assets, providing an overview of the crypto assets market in South Africa. Following the declaration of crypto assets as a financial product in terms of the Financial Advisory and Intermediary Services (FAIS) Act, we received 366 applications for Crypto Asset Service Provider (CASP) licences during the reporting period and approved 59 by 31 March 2024, indicating our commitment to fostering a regulated environment for new financial technologies. The number of CASP licences approved has increased significantly after the end of the financial year under review with over 138 approved by the end of June 2024. Together with other regulators under the Intergovernmental Fintech Working Group (IFWG), we continue to facilitate responsible innovation through the regulatory sandbox, allowing testing of new products and services in a controlled environment. Our commitment to leveraging technology is also evident in our supervisory practices. During the year under review, we procured an Integrated Regulatory System (IRS) in line with our digital transformation strategy to enhance our supervisory technology (suptech) capabilities, enabling us to better monitor and regulate financial institutions and markets through advanced data analytics and automated processes.

Promoting Sustainable Finance

Sustainability has become a central focus of our regulatory agenda, aligning with our strategic objective of promoting the development of an innovative, inclusive and sustainable financial system. We recognise the financial sector's catalytic role in addressing climate change and sustainable development. During the year under review, we published our Sustainable Finance Roadmap, outlining strategic priorities to enhance transparency and accountability in sustainable finance products. Our commitment to sustainability extends to our own operations, with initiatives to reduce our environmental footprint through improved energy efficiency, waste reduction, and sustainable practices, demonstrating our dedication to leading by example.

Empowering Financial Consumers

Empowering financial customers is at the heart of our mandate. We believe that informed and confident consumers are essential to a healthy financial system. During the reporting period, we launched educational campaigns to improve financial literacy and awareness, including the National Financial Literacy Speech Competition, which engaged young minds across the country. We conducted 70 workshops and webinars and launched rural outreach campaigns to ensure that financial education reaches all corners of our society. Additionally, our Money Smart Week SA initiative has been critical in promoting financial literacy among the broader public. We also published the financial consumer vulnerability framework, which outlines our approach to identifying and supporting vulnerable consumers. All these initiatives are aimed at empowering consumers, helping them navigate the complexities of the evolving financial sector landscape and protecting them from unfair practices.

FATF Greylisting

We continued to contribute towards the multistakeholder effort led by National Treasury for South Africa to exit the FATF 'greylist.' The impact of this greylisting was felt when the EU added South Africa to its list of high-risk countries in July 2023, requiring financial institutions in the EU to apply enhanced due diligence to South African institutions. Our focus has been on addressing the specific action items applicable to us, including strengthening our Anti-Money Laundering and Counter-Terrorist Financing (AML/CFT) supervisory capacity by appointing nine additional staff members and planning further expansion in the period ahead. This enhanced capacity has enabled more in-depth and frequent inspections, and we have issued several administrative sanctions related to AML/CFT breaches, demonstrating our commitment to strengthening the integrity of the financial system and working towards removing South Africa from the greylist.

Stakeholder Engagements

In our effort to continue building and maintaining meaningful relationships with our stakeholders, we hosted an industry-wide conference featuring a series of expert-led sessions. Attendees had the opportunity to engage with industry leaders, participate in panel discussions, and network with peers from various sectors. The event brought together industry experts, regulators, and government officials for a series of debates and discussions on the latest trends, regulatory updates, and best practices in financial compliance. This conference covered four topics: AI and consumer protection, crypto assets, sustainable finance, and the FATF greylisting.

Our People Strategy

Central to our organisational success is our People Strategy, which, among others, focuses on attracting, developing, and retaining top talent. We are honored to have achieved the Top Employer 2024 certification, underscoring our commitment to fostering a progressive, and inclusive work culture.

Looking Ahead

As we look to the future, our focus will remain on building a regulatory environment that is adaptive, resilient, and forward-looking. We will continue to leverage technology, enhance our supervisory practices, and promote sustainability in all aspects of our work. Our commitment to protecting consumers and ensuring the integrity of the financial markets will guide our efforts as we navigate the complexities of the modern and evolving financial sector landscape.

I extend my gratitude to the FSCA team, whose expertise and commitment have been the bedrock of our achievements. I would like to express my sincere appreciation for the unwavering support of the Minister of Finance and National Treasury, which has been instrumental in enabling us to fulfill our mandate. Finally, I also thank all our stakeholders for their ongoing support and collaboration.

Unathi Kamlana
FSCA Commissioner


Welcome and
Opening Remarks
Unathi Kamlana
FSCA Commissioner

Part C

About the FSCA

In this chapter

- Who we are
- Who we regulate
- Our contribution to SDGs

Who we are

The FSCA is the market conduct regulator of financial institutions in South Africa. We are an independent and impartial statutory body performing the public function of market conduct regulation and supervision of the financial sector. We exercise our powers and perform our duties without fear, favour or prejudice. We are governed by the democratic values and principles enshrined in the Constitution and seek to maintain high standards of professionalism and ethics. We report to the Minister of Finance who is accountable to Parliament.

Our vision

To foster a fair, efficient, and resilient financial system that supports inclusive and sustainable economic growth in South Africa.

Our values

- **Agility** - We respond promptly, innovatively, and smartly to changing needs and circumstances.
- **Collaboration** - We work together in a spirit of consultation, cooperation, mutual respect, and trust.
- **Sustainability** - We meet the needs of the present without compromising the ability of future generations to meet their own needs by adopting socially responsible practices.
- **Integrity and Accountability** - We are transparent, honest, fair, and consistent in our actions and decisions.
- **Excellence** - We set high standards for ourselves and strive to perform our functions with professionalism.

Our mission

Our mission is to promote an inclusive, customer-centric, and competitive financial sector wherein:

- financial customers have access to innovative and appropriate products and services, and are empowered to make financially capable and informed decisions;
- financial markets function fairly, effectively and efficiently; and
- proactive and responsive regulation, supervision and enforcement result in accountable financial institutions.

What we do

Our legislative mandate at a glance

The FSCA was created by the Financial Sector Regulation Act, Act 9 of 2017 (FSR Act) from which it derives its legislative mandate.

Section 57 of the FSR Act sets the objective of the FSCA as follows:

- Enhance and support the efficiency and integrity of the financial system, and protect financial customers by:
  - promoting fair treatment of financial customers by financial institutions;
  - providing financial customers and potential financial customers with financial education programmes, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
  - assisting in maintaining financial stability.

Who we regulate

We regulate the conduct of financial institutions which include:

- banks
- insurers
- retirement funds
- financial services providers (FSPs)
- collective investment schemes
- credit rating companies
- cooperative financial institutions
- central securities depositors
- administrators
- market infrastructures

Robust risk-based supervision is required given that regulated persons vary in size, competition, complexity, and the level of harm they may cause customers.

Regulated persons

32	Banks
148	Insurers
114	Section 3B administrators
44	Insurers providing funeral policies
15	Micro-insurers
197	Friendly societies
4	Cooperative banks
11 890	Financial Services Providers
2	Central security depositors
5	Licensed exchanges
2	Associated clearing houses
38	Over-the-Counter Derivative Providers
23	Co-operative financial institutions
4 868	Retirement funds
4	Credit rating agencies
2	Collective investment schemes (CISs) in participation bonds
3	CISs in property
12	CIS in hedges funds
46	CISs in securities
162	Foreign collective investment schemes

Aligning to global and national development goals

We continue to work on ensuring that South Africa's financial system best supports the country's sustainability goals through our customer protection and market integrity mandates. Our Sustainable Finance Roadmap and Consumer Risk Report was published in March 2024[1]. It provides an update on the FSCA's Programme of Work concerning Sustainable Finance.

It is important to highlight the strong focus on cooperation and coordination amongst key stakeholders in South Africa concerning sustainability and sustainable finance considerations. We will continue working closely with PA, particularly as guidance and other requirements are developed for the financial sector.

We have a vital role to play in improving the availability of credible and consistent information in the South African financial market, which encompasses pillar 1 (taxonomy) and 2 (disclosure, reporting and assurance). The other pillars of the programme of work are dependent on the quality of available information to investors, lenders and financial consumers.

A commonly adopted green finance taxonomy in South Africa will contribute significantly towards ensuring common terminology and understanding. We have undertaken further detailed examination of the South African Green Finance Taxonomy (GFT), including understanding current approaches to the taxonomy in South Africa and reviewing how other jurisdictions have approached taxonomies for sustainable finance. We will be participating in a piloting exercise to evaluate the application of the taxonomy in the financial sector and the best role for the FSCA to play in this regard.

There are three key focus areas concerning disclosure. The first is corporate entity disclosure or reporting – the information that a corporate makes available to the market. A key development has been the launch of the International Sustainability Standards Board standards for sustainability reporting – known as IFRS S1 and S2. We will be working closely with the PA and other relevant stakeholders to issue guidance to regulated persons on sustainability disclosures, considering these standards.

The second is product disclosure – the information provided directly in relation to a financial product or instrument marketed as sustainable in one way or another. Finally, matters of disclosure to retail customers must be considered. These are inter-related, as the information made available concerning a product may rely on information disclosed at a corporate level. We will also focus on issuing guidance relating to retail and product disclosure for sustainability-linked financial products and services.

1 Available on https://www.fsca.co.za/Documents/FSCA%20SF%20Roadmap%20and%20Consumer%20Risk%20Report.pdf

We aim to provide an annual update on sustainable finance work to keep the market informed.

During the period under review, we undertook two surveys relating to sustainable finance: one on ESG practices in the investment providers industry, and one relating to ESG ratings agencies. These surveys were broad-ranging, and touch on various aspects of the FSCA's programme of work. Results of the surveys are expected to be provided in 2024.

We will continue to encourage the voluntary adoption of the GFT as an important tool in South Africa's just transition. It is also becoming increasingly important in terms of supporting the flow of international capital towards green projects.

ESG engagements

We also participated in a series of training workshops to improve our understanding of green finance taxonomies in general and the South African GFT in particular. This will be further strengthened through running a pilot project with selected participants, to study the application of the GFT to inform our actions concerning the tool.

Our contributions to the United Nations Sustainable Development Goals

We remain committed to contributing to the attainment of the United Nations Sustainable Development Goals (UN SDGs), the global framework for driving progress toward a more sustainable future. Contributing to achieving the SDGs is imperative to our mandate of advancing the National Development Plan. We contribute directly and indirectly to SDGs 4, 5, 8 and 13 through our public value functions. We selected these SDGs as we can make a meaningful and sustainable impact in these areas, given our strengths and capabilities.

4 QUALITY EDUCATION

We have invested R7.5 million on employee training and development. We have also awarded bursaries amounting to R3.4 million to employees.

5 GENDER EQUALITY

As at 31 March 2024, our staff complement stood at 54% female and 75% of Exco were female. This is a clear demonstration of our commitment to gender equality. We have also implemented HR policies to support and empower women.

8 DECENT WORK AND ECONOMIC GROWTH

As at 31 March 2024, total procurement spend totalled R438 million. This has contributed to job creation by supporting small businesses through our procurement activities.

13 CLIMATE ACTION

Remote working and the installation of energy-saving lighting (LED) in our buildings resulted in 14% reduction in electricity consumption. Measures have also been implemented, which resulted in a 16% reduction in water consumption and 36% in paper usage. Due to the load shedding, fuel consumption has increased by over 3% as at 31 March 2024.


FSCA
FSCA

Part D

How we create value

In this chapter

- Our value creation model
- Engaging with stakeholders

Our value creation model

Our value creation model provides an overview of our value-creation process. The model was developed in line with the integrated reporting framework's six capitals. In creating value for our stakeholders, the six capitals - manufacturing, financial, intellectual, human, social and natural - are transformed by our business activities (which could result in value creation, erosion or preservation).

Inputs

FC FINANCIAL CAPITAL

Our prudent financial management practices enable us to perform our public value function in a financially sustainable manner.

- Healthy balance sheet
- Positive cash flow
- Adequate reserves
- Effective levy collection model

HC HUMAN CAPITAL

Our highly skilled, committed, motivated and experienced workforce enables us to deliver the right value at the right time to our stakeholders.

- 614 skilled employees
- Experienced and diverse leadership

SC SOCIAL CAPITAL

Our commitment to building and maintaining meaningful stakeholder relations enables us to meet stakeholders' needs. In addition, our ability to share information to improve individual and collective well-being enables us to create a sound reputation in the sectors that we regulate.

- Educational activities conducted
- Scam warning alerts
- Investigations conducted
- Licences authorised

IC INTELLECTUAL CAPITAL

Our information technology infrastructure is vital in ensuring operational efficiency and the provision of intelligence to deliver our mandate.

- Licensed technologies
- Organisational processes and procedures

NC NATURAL CAPITAL

We are committed to minimising our impact on the environment, in particular on natural resources such as:

- Water
- Electricity
- Diesel
- Paper

MC MANUFACTURING CAPITAL

Our fixed assets enable us to provide a safe, healthy work environment. We invest prudently in maintaining our assets to operate safely, reliably, and efficiently.

- Furniture
- Leased property
- Equipment and vehicles
- Digital assets

Business activities

LICENSING

Authorise the financial institutions and persons performing regulated financial services.

FINANCIAL EDUCATION

Formulate and implement educational strategies and programs to promote consumer financial literacy.

COMPETITION

Support competition in providing the financial products and services.

SUPERVISION

Supervising the business conduct of the financial institutions to protect financial consumers and market integrity.

FINANCIAL INCLUSION

Support financial inclusion.

ENFORCEMENT

Enforce compliance with financial sector law, and investigate and act against unlicensed persons conducting regulated activities without authorisation.

COLLECTION OF LEVIES

Administer the collection and distribution of levies.

Outcomes

FC FINANCIAL CAPITAL

- Net assets value R640 million (2023: R481 million)
- Cash generated from operations R1.1 billion (2023: R1 billion)
- Total assets R951 million (2023: R823 million)
- Levy collected R1.1 billion (2023: R1 billion)
- Net surplus R159 million (2023: R9.5 million net deficit)

Stakeholders impacted:

HC HUMAN CAPITAL

- R625 million paid in salaries and benefits (2023: R573 million)
- A diverse workforce (80% African and 53% female representation)
- 75% of Exco members are female (2023: 75%)
- Staff attrition increased to 7.9% (2023: 7%)
- 111 employees benefitted from staff bursary programme in 2023
- R7.2 million spent on training and development.
- 61% of employees have served the FSCA for longer than ten years (2023: 55%)
- 10 employee wellness programmes conducted (2023: 3)
- 25 Interns appointed with an absorption rate of 64%
- Certified as top employer

Stakeholders impacted:

IC INTELLECTUAL CAPITAL

- R1 million spent on intangible assets (2023: R9 million)
- Processes and procedures in place

Stakeholders impacted:

SC SOCIAL CAPITAL

- 1 061 licences suspended (2023: 984)
- Issued 104 (2023: 47) scam warnings
- Finalised 80% investigations (2023: 85%)
- 87% of complaints and queries received were resolved (2023: 86%)
- 668 licences authorised (2023: 584)
- 59 licences authorised for Crypto Asset Service Provider
- 75 licences withdrawn (2023: 420)
- 1 900 regulatory actions taken (2023: 1 668)
- 156 debarments order issued (2023: 210)
- R943 million penalties and fines imposed (2023: R100 million)
- 102 educational activities conducted (2023: 110)
- 5 515 learners participated in national speech competition (2022/23: 3 603) in 9 provinces
- Total of R438 million procurement spent (2023: R335 million)
- 95% valid invoices paid within 30 days in line with the PFMA (2023: 89%)

Stakeholders impacted:

NC NATURAL CAPITAL

- 1 210 kilolitres of water consumed (2023: 1 407 kilolitres)
- 5 850 kilowatt-hours of electricity used (2023: 6 672 kilowatts)
- 108 844 litres of fuel for generator (2023: 111 921)

Stakeholders impacted:

MC MANUFACTURING CAPITAL

- R1 million invested in building maintenance to provide a safe work environment
- R25 million worth of computer equipment was acquired (2023: R7 million)
- R60 million building lease (2023: R79 million)

Stakeholders impacted:

Our trade offs

Maximising value to our stakeholders requires efficient trade-offs in how value is created, eroded and share among different stakeholders. These involve transforming our inventory of capitals to achieve positive outcomes and curtail negative impacts. These trade-offs are carefully considered to preserve shareholder value. We strive to create stakeholder value and manage capital trade-offs responsibly. We seek to grow inclusively, responsibly and sustainably.

DIGITAL TRANSFORMATION

We have embarked on a process to implement a digital strategy intended to increase operational efficiency, and improve customer experience and agility. This will require significant investments (financial capital) in transforming our digital landscape (intellectual capital) to be a socially responsive regulator. However, enhanced operational efficiency and effectiveness in decision-making benefits our human capital and improves our engagements with stakeholders (social capital).

Impacted capitals: FC IC HC SC

EFFECTIVE TALENT MANAGEMENT

Continuous training and development of our employees is critical to improve performance and staff motivation. This will require us to invest in employee development, which will decrease financial capital but enhance our human capital. An experienced, motivated, and skilled workforce will improve our public value function, which will be beneficial for our stakeholders (social capital).

Impacted capitals: FC HC

REVIEW OF TARGETED OPERATING MODEL TO ACHIEVE FIT-FOR-PURPOSE OPERATIONS

We are in the process of reviewing our current operating model to assess whether it is fit for purpose. While this process will result in increased effectiveness and improved operational efficiency (intellectual capital), it will require significant investments (financial capital). In the short term, financial capital will decrease but will be financially beneficial in the medium to long term by building a fit-for-purpose and agile regulator, well-positioned to fulfil its mandate.

Impacted capitals: FC IC HC SC

Engaging with stakeholders

To succeed in delivering on our mandate, we must establish and maintain meaningful relations with all stakeholders. We are committed to transparency and seek opportunities for effective communication within the jurisdiction of our statutory obligations. We review our stakeholder strategy regularly to ensure that it remains relevant and fit for purpose to meet stakeholders' needs and expectations.

EMPLOYEES

Quality of relationship

Capitals involved: FC HC IC SC MC NC

What they need from us	What we need from them	How we engage	Value shared
■ Provision of a fair and competitive employee value proposition ■ Safe and healthy work environment ■ Employee empowerment through training and development ■ Creating an environment that embraces diversity and inclusivity ■ Timely and transparent communication	■ Living the FSCA's values, vision and mission ■ Commitment to the FSCA mandate ■ Optimal performance levels	■ Quarterly Commissioner's town hall meeting ■ Quarterly human resource communique ■ Management and staff meetings ■ Internal publications ■ Performance reviews ■ Intranet ■ Surveys	■ Fair remuneration, rewards, and recognition ■ Productive employees ■ R625 million in wages and benefits ■ Ten wellness programmes launched for employees' well-being. ■ R7.2 million in training and development ■ 96 employees benefitted from the bursary programme

SUPPLIERS

Quality of relationship

Capitals involved: FC HC SC

What they need from us	What we need from them	How we engage	Value shared
■ Timely payment of invoices in line with PFMA ■ Improved value for money ■ Fair and transparent procurement process providing equal opportunities	■ Supplier performance as per contract ■ Delivery of the right services/products at the right time and quality ■ No fraud, corruption nor abuse of procurement processes	■ Briefing sessions ■ Regular meetings with service providers ■ Site visits. ■ Electronic communication mode	■ R438 million in preferential procurement ■ 95% valid invoices paid within 30 days in line with the PFMA

NATIONAL TREASURY/NATIONAL GOVERNMENT

Quality of relationship

Capitals involved HC SC FC IC

What they need from us
- Advice on financial sector policy matters
- Compliance with legislative requirements
- Stable and transformed financial sector
- Customer protection

What we need from them
- Timely approval of submissions
- Timely approval of the budget
- Providing policy direction

How we engage
- Regular meetings
- Electronic communications
- On-site visits
- Participation and consultation on bills
- Integrated Report

Value shared
- Delivered on our mandate
- R943 million in penalties and fines
- R1.1 billion levies collected as per the approved budget
- Compliant with legislative requirements
- Promoted financial inclusion
- Assisted in maintaining financial stability

FINANCIAL CONSUMERS AND CONSUMER ORGANISATIONS

Quality of relationship

Capitals involved FC HC IC SC MC

What they need from us
- Financial education to make informed decisions
- Customer protection resulting in fair treatment
- Access to quality and affordable financial products and services

What we need from them
- Provide feedback to the FSCA
- Provide intelligence data to assist in regulating the sector
- Know their rights and obligations
- Obtain knowledge about financial sector policies

How we engage
- Website
- FSCA Bulletin
- General media and public notices
- Social media
- Integrated Report

Value shared
- Conducted 107 consumer education activities
- Issued 104 scam warnings to protect customers
- Finalised 418 of investigations to enforce consequence
- Withdrew 75 licences

Colleagues at our office

REGULATED PERSONS/INDUSTRY BODIES

Quality of relationship

Capitals involved FC HC IC SC MC

What they need from us

- Access to updated information
- Removal of barriers to market entry
- Efficient and predictable processes
- Proportionate regulation and supervision that reduce regulatory burden

What we need from them

- Business model and culture that promote the fair treatment of customers
- Comply with financial sector laws
- Transparent disclosure of relevant facts to customers and investors
- Avoid anti-competitive practices.
- Promote financial sector transformation including preferential procurement

How we engage

- Integrated Report
- FSCA website
- In-persons meetings
- Media
- Quarterly newsletters
- Conferences/seminars, expo and Financial Crime Symposium

Value shared

- Efficient turnaround times on licence applications
- Access to the regulator and regular, quarterly updates on new policy developments.
- Activities and functions performed within agreed and published SLAs

OTHER REGULATORS

Quality of relationship

Capitals involved FC HC IC SC MC

What they need from us

- Share knowledge and best practices
- Collaborate on areas of mutually beneficial interest

What we need from them

- Share knowledge and best practices
- Collaborate on areas of mutually beneficial interest

How we engage

- Integrated Report
- In-person meetings
- Website
- FSCA Bulletin
- Memorandum of Understanding

Value shared

- Two joint licence approvals
- Conducted two joint onsite visits
- Responded to 11 requests for information from foreign regulators on suspected misconduct
- Submitted 12 investigated cases to law enforcement agencies

Our Deputy Commissioners, Astrid Ludin and Katherine Gibson hosting a panel at industry conference

MEDIA

Quality of relationship

Capitals involved: FC HC IC SC MC

What they need from us

- Transparency and access to accurate information
- Pro-active communication in matters of public interest

What we need from them

- Partnerships in customer education programmes
- Fair and accurate reporting
- Platforms to communicate

How we engage

- Quarterly Media round tables
- Interviews (broadcast and other)
- Integrated Report
- Media lunches
- Thought leadership articles, and press releases

Value shared

- Informed stakeholders about our mandate
- Maintained our constructive relationship with the media
- Conducted four Commissioner roundtable engagements
- 146 media releases

PARLIAMENT

Quality of relationship

Capitals involved: FC HC IC SC

What they need from us

- Attendance of committee meetings
- Prompt submission of the Integrated Report, Annual Performance Plan and other information
- Respond to parliamentary questions
- Bill drafting

What we need from them

- Timely processing of sector legislations
- Timely involvement in and consultation on policy development

How we engage

- Integrated Report
- Face-to-face/virtual committee meetings
- Parliamentary questions

Value shared

- Presented to Parliament Rand manipulation topic to enhance capacity building
- Compliant with legislative requirements
- Delivered on our public mandate

Our Commissioner and the Minister of Finance

We continue to engage with various stakeholders both regionally and internationally to build collaborative efforts for the exchange of information and best practices. We have signed various MoUs with domestic, regional, and international like-minded organisations to strengthen working relationships and maintain the financial stability of the sector. The FSCA is a member of various international committees such as IOSCO, IOPS, IAIS, FSI, FAFT, OECD, FSB, AFI, INFE and Finconet. We are currently on the Executive Committee of IOPS, the OECD Working Party on Private Pensions and the SADC Committee of Insurance, Securities and Non-banking Financial Authorities (CISNA). We contributed to providing valuable insights into standard-setting documents drafted by the various working groups on Digital Financial Literacy, Sustainable Finance, Financial Education Standards and Implementation, as well as Measurement, Evaluation and Impact.

We hosted our first industry-wide conference under the theme Inspiring trust: "Evolutions in financial conduct regulation". The conference brought together stakeholders from across the financial sector to share insights on topics of common interest, both locally and globally.

In his address, FSCA Commissioner Unathi Kamlana highlighted the importance of protecting financial customers and preserving the market's integrity, which are the central pillars of building trust and confidence in the sector. These pillars also serve as guiding lights for us as we grow even deeper in our work of supporting South Africa's financial ecosystem. Keynote speaker, South African Reserve Bank (SARB) Governor, Lesetja Kganyago, echoed the Commissioner's sentiments, describing our role as one of the guardians – responsible for the financial sector's moral capital.

The conference also featured a dialogue with our three Deputy Commissioners, Farzana Badat, Astrid Ludin and Katherine Gibson, who outlined our strategic focus areas and reflected on our key achievements over the first five years of our existence.

The conference included other informative panel discussions on an array of topics at the heart of financial sector regulation such as culture, governance and accountability; the importance of customer protection in the deployment of AI; sustainable finance; greylisting; and updates on the licensing of Crypto Assets Service Providers. The event provided an opportunity for us to not only communicate our position on these topics but more importantly, to hear the views of the sector and explore where these views may further enhance our work.

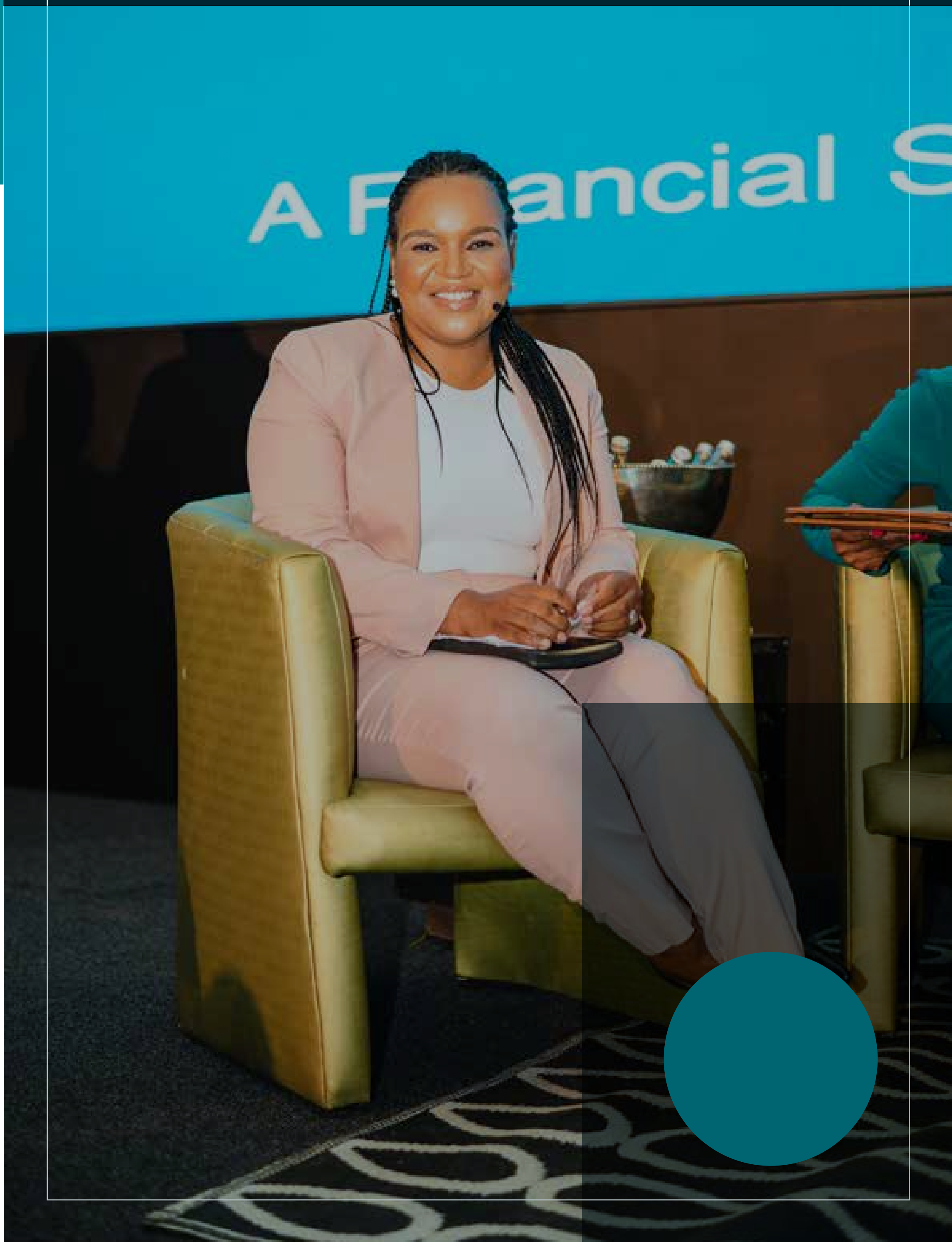
We partnered with the Discovery Group through their Institute of Training. This was the first time the regulator partnered with a regulated person on a financial education project. The partnership yielded three social media campaigns on Banking Fraud, Women's Month, and Festive Spending. Collectively, the campaigns had over four million views across all the social media campaigns.

The FSCA remains actively involved in offering thought leadership on financial education through its participation with the National Consumer Financial Education Committee and the Money Smart Week South Africa Steering Committee.

We continued to use social media as a tool to communicate with stakeholders and have observed an increase in activity across our social media platforms.

X	Facebook	LinkedIn	YouTube
followers increased to **9 128** (2023: 8 184)	followers increased to **23 255** (2023: 23 184)	followers increased to **53 979** (2023: 40 339)	followers increased to **7 748** (2023: 1 570)


FSCA
Financi
Conduc



Part E

How we sustain value

In this chapter

- Our performance against the strategy
- Managing material matters
- Managing our risks and opportunities

Strategic performance

The five-year plan is based on the following strategic priorities:

Pre-emptive and proactive	Intensive and intrusive	Risk-based and proportional	Transparent and consultative	Outcome-based	Compre-hensive and consistent	A credible deterrent

Our performance against the KPIs set to achieve the mandate in the approved annual performance plan is outlined below and in the measuring performance chapter on pages 35 to 39. In addition, the performance against expected outcomes is discussed to improve institutional capacity. These further demonstrate how we have created, preserved or eroded value over the short, medium and long term for all stakeholders in achieving our mandate and supporting the NDP and SDGs.

Strategic Objective

SO1 Improve industry practices to achieve fair outcomes for financial customers

Good conduct and TCF outcomes will be embedded in the financial sector by ensuring that clear conduct standards are developed that are applicable across the financial sector.

Expected Outcome	How we performed	Capital Employed
Good conduct and Treating Customers Fairly (TCF) principles embedded consistently across the financial sector	On 30 June 2023, the FSCA published its three-year Regulation Plan that is focused on, amongst other things, promoting good conduct and fair treatment of customers. The Regulation Plan entails various legislative interventions in the form of Standards. Some of these Standards are focused on specific industries, and some standards cut across industries and impact the financial sector as a whole. Implementation of the Regulation Plan for the period April 2023 to March 2024 progressed as planned and entailed public consultation, submission to Parliament and finalisation of various Standards contributing to improving conduct and fair treatment of customers.	Human Financial Manufacturing
Conduct risks mitigated	Launched the first eleven modules of the newly revamped Trustee Training Toolkit (TTK) e-learning platform in Q2. The new toolkit is aimed at ensuring that retirement fund trustees have up-to-date information about their responsibilities, including legislative requirements, to better equip them in the exercise of their fiduciary duties. Phase 2 of the TTK was launched in March 2024 with the release of an additional 22 modules.	Human Financial Manufacturing
	Published an article on the FSCA's consumer education website, "MyMoney", outlining consumer considerations concerning crypto-assets. The article highlighted the risks posed by crypto assets to consumers and explained the implications of the declaration of crypto assets as a financial product in terms of the FAIS Act.	

Challenges Experienced

- Inadequate human and financial resources
- Third-party dependencies negatively impacted our ability to progress and finalise the planned activities within the stated deliverable timeframes.

Near to medium-term outlook

- Regular engagement with Consumer Advisory Panel
- Input from industry will be considered and further engagements (where required) will take place to enable the publication of a proposed unclaimed assets framework. The intention is to apply an incremental approach to implementing the framework. This is to ensure that change can be effected timeously to improve outcomes for customers.
- We will continue to implement and roll out our three-year Regulation Plan to strengthen the conduct regulatory framework, leading to better and more consistent customer outcomes.

On 30 June 2023, the FSCA published our three-year Regulation Plan that is focused on, amongst other things, promoting good conduct and fair treatment of customers. The Regulation Plan entails various legislative interventions in the form of standards. Some of these standards are focused on a specific industry, and some standards cut across industries and impact the financial sector as a whole. Implementation of the Regulation Plan for the period April 2023 to March 2024 progressed as planned and entailed public consultation, submission to Parliament and finalisation of various Standards contributing to improving conduct and fair treatment of customers.

Strategic Objective

SO2 Act against misconduct to support confidence and integrity in the financial sector.

Trust in the financial sector will be maintained by acting decisively and visibly against misconduct.

Expected Outcome	How we performed	Capital Employed
Improved trust in the financial sector.	As part of the FSCA's ongoing efforts to foster a culture of compliance and safeguard the integrity of South Africa's financial sector, we concluded a strategic roadshow across three major metropolitan hubs. During these roadshows, the FSCA Regulatory Actions Report was presented. The report provides an overview of the FSCA's enforcement activities over the past financial year and highlights the enforcement sanctions imposed, providing crucial statistics that illuminate both industry trends and the areas that require the FSCA's heightened vigilance.	Manufacturing Human Financial
	Using the data from the FSCA's Financial Customer Sentiment and Behaviour Study, a report was produced on the levels of trust in the financial sector. The report provides a nuanced understanding of customer trust in financial institutions, explaining factors that shape public perception and the FSCA's role in promoting trust through robust regulatory oversight.	

Challenges Experienced

- Capacity constraints due to the influx of unplanned fraud cases resulted in resources diversion.
- Stakeholder consultations took longer than expected.

Sindiswa Makhubalo, Departmental Head: Banks and Payment Providers moderating a session at our industry conference

Strategic Objective

SO3 Promote the development of an innovative, inclusive, and sustainable financial system.

We will establish close relationships with key stakeholders responsible for transformation and implement ways to collect data on transformation and monitor changes over time.

Expected Outcome	How we performed	Capital Employed
Greater competition and contestability in the financial sector enabled	Published the "Open Finance Policy Recommendations" report which outlines the FSCA's policy approach to Open Finance and proposed Programme of Work. The report reflects the comprehensive stakeholder engagement that has taken place since the publication of the Draft Position Paper on Open Finance, published in 2023, incorporating comments received on submissions made in response to the October 2023 Information Request.	Human Financial Manufacturing

Challenges Experienced

- The concept of sustainability is wide-ranging and dynamic. There are many stakeholders involved and a myriad of emerging best practices and guidelines.

Near to medium-term outlook

Learners at the finals of our Financial Literacy Speech Competition 2023 in Gauteng

- We will continue to build capacity to oversee transformation more strongly in the financial sector in anticipation of the COFI Bill enactment.
- We will engage with the industry about financial sector transformation and current levels within the industry.
- We will engage with relevant government and private sector stakeholders to strengthen our approach to sustainable finance and more clearly define our role.
- We will continue to promote the development of an innovative, inclusive and sustainable financial system, through our various work programmes e.g., the Open Finance Position Paper, research on emerging Fintech trends and regularly testing new innovations in the Sandbox.

Strategic Objective

SO4 Empower households and small businesses to be financially resilient

We will focus on promoting the financial literacy of consumers by enabling them to make better financial decisions.

Expected Outcome	How we performed	Capital Employed
Financial customers are able to make better and more informed financial decisions	Our efforts to reach targeted groups were sustained in the current financial year through the continuation of projects such as the FSCA Financial Literacy Speech Competition, Workshops for Students in Tertiary Institutions and Workshops for persons who are blind and partially sighted. To sustain our engagement with the youth not in education, employment or training (NEET), we enrolled 26 youth in the Western Cape through an accredited Financial Education Course. They will be based at the 13 Youth Cafes in the province and they will implement financial education workshops as part of the Cafes' offering to NEET youth. This train-the-trainer model has shown success in our ongoing partnership with the Department of Public Works and Infrastructure through workshops with participants in the Expanded Public Works Programme. We will employ this model more in the future to increase its sustainable reach. To reach consumers who already hold financial products and use financial services, we have piloted a partnership with a Financial Services provider focused on campaigns on Fraud and Scams, Women's Month, Holiday Spending and Finance and Relationships. This has significantly increased our reach on social media, and we will be looking into similar partnerships in 2024/25. The FSCA continues to play an important role in the planning and implementation of the National Money Smart Week (MSWSA), through our radio campaign and administrating the MSWSA website at www.mswsa.co.za. All our in-person activities are supported through social media messaging and our consumer website at www.fscamymoney.co.za	Financial Manufacturing Human Social
	We published the Statement on Consumer Vulnerability. The statement examines the concept of consumer vulnerability and outlines its relevance within the context of South Africa's market conduct regulatory framework. We initiated a stakeholder consultation process, inviting industry participants, consumer advocacy groups, and other key stakeholders to contribute their perspectives and insights on how an approach to consumer vulnerability can be refined and embedded within the financial sector regulatory and supervisory landscape.	

Challenges Experienced

- Delayed procurement processes.

Near to medium-term outlook

- We will continue to expand our digital footprint to increase our reach.
- Collaboration and partnering with stakeholders on various activities and campaigns will also assist in reaching more consumers and potential consumers of financial products and improve and enhance the brand recognition of the FSCA.
- The Consumer Advocacy Panel will develop a tool for the comparison of banking products and prices.

Strategic Objective

SO5 Accelerate the transformation of the FSCA into a socially responsible, efficient, and responsive organisation

We will focus on enhancing its performance and responsiveness as an institution by improving our service delivery commitments through technology and better business processes.

Expected Outcome	How we performed	Capital Employed
Operational excellence embedded across all functions of the FSCA	Effectiveness and efficiencies in our external customer-facing processes required technological and business reviews. The outcome of this exercise ensured a tremendous shift in some of our processes being re-engineered and digitally enabled. The systematic approach adopted allowed us to ensure impactful change. The review enhanced internal processes' responsiveness and agility to expand on the regulatory profile data quality standards	Human Financial Intellectual
	We initiated changes to internal processes which include systems changes, recruitment, changes in delegations during the year to deal with backlog cases, which has led to improved turnaround times, and clearing the backlogs.	
FSCA is recognised and trusted by financial institutions, financial customers, financial sector ombuds and other financial sector regulators in South Africa and internationally	We hosted a conference which featured a series of expert-led sessions focusing on the latest trends, regulatory updates, and best practices in financial compliance. Attendees had the opportunity to engage with industry leaders, participate in panel discussions, and network with peers from various sectors. Key topics included AI and customer protection, crypto assets, sustainable finance and greylisting.	

Challenges Experienced

- High volumes and limited resources for processing applications relating to asset transfers, liquidations and rule amendments.
- Unclaimed benefits remain high, and there is still a public debate and continuing internal discussions on how best to approach the challenge.
- Impasse on transformation targets and retirement funds scorecard at the Financial Sector Transformation Council.

Near to medium-term outlook

- We embarked on a digital transformation strategy to fundamentally transform our operational effectiveness and efficiencies across all functions of the entity. The strategy aims to transform the internal and external customers of the FSCA by creating digital enabling capabilities.
- The FSCA is developing sustainability strategy aimed at ensuring long-term resilience and stability within the organisation. By integrating sustainable practices, the FSCA plans to mitigate risks associated with environmental, social, and governance (ESG) factors.

Managing our material matters

We have implemented materiality identification processes in determining the matters that materially impact our ability to create, preserve or erode value over time. Our Exco reviews and approves these material matters in line with our governance processes. We have identified six material matters that are linked to our strategic risks, strategy and functions and report on them to serve the information and decision-making needs of our stakeholders. The material matters are:

i) effective talent management,
ii) digital transformation,
iii) managing stakeholders' needs,
iv) maintaining good governance and reputation,
v) fair outcomes for financial customers and
vi) funding.

The process is conducted annually to ensure our material matters are assessed and remain relevant so that we achieve our strategic objectives. Material matters are reviewed annually.

IDENTIFY	ASSESS	PRIORITISE	RESPOND	REPORT
We identify our material matters based on their impact on our ability to create and sustain value for stakeholders. Twelve matters were identified through departmental engagements.	Internal stakeholders assessed and identified the material issues in evaluating impacts from internal and external viewpoints.	Six out of 12 matters were identified as the most significant matters based on the magnitude of their impact on strategy, governance, financial and operational performance and stakeholders' interest.	Mitigating treatments are implemented to respond to material matters. Annual departmental business plans are developed for managing material matters.	We report quarterly to SMC and Exco on material matters. We report to our stakeholders on material matters in the Integrated Report

EFFECTIVE TALENT MANAGEMENT

Link to Strategic Objective SO1 SO2 SO3 SO4 SO5

Capitals involved FC HC SC IC

Why this is considered material	What we have done	What we continue to do	Linkages
To effectively regulate and supervise the financial sector, we depend on our ability to attract, develop and retain competent people who will execute our mandate. Effective talent management is imperative to protect institutional capacity.	Implemented a talent management strategy that continues to capacitate employees to execute their functions with the excellence required. Implemented measures to attract, develop and retain talent through initiatives such as secondment, job rotation, training, promotion and development programmes Implemented employee wellness programmes to ensure their well-being to enable the organisation's human capital to optimally perform and improve our employee value proposition.	Provide a work environment conducive to job mobility, learning and development. Reviewed our HR policies to facilitate operational efficiency and excellence.	**Link to risks** ■ Mandate risk ■ Sustainability risk ■ Talent risk **Link to stakeholders** ■ Government ■ Employees ■ Regulated persons ■ Suppliers ■ Financial consumers

Reneilwe Mthelebofu, Communication Specialist at our Employees Awards Ceremony

DIGITAL TRANSFORMATION

Link to Strategic Objective SO3 SO5

Capitals involved IC FC HC MC

Why this is considered material	What we have done	What we continue to do	Linkages
The regulated environment is changing rapidly due to digital transformation. This requires us to modernise our processes, procedures and systems to respond to increased cyber threats; exponential growth of data points and a need to be more accessible, efficient and responsive in the changing business operating environment.	Adopted a digital transformation strategy and made substantial investments in establishing an enabling technological platform for digitisation. In line with our digital transformation strategy, processes are under way to implement the integrated regulatory system to improve and automate operational and regulatory processes. Implemented ERP system to integrate our legacy systems to enhance agility in responding to operational requirements. Implemented a CRM system to improve the FSCA's accessibility to its external customers and improve internal efficiencies and responsiveness on how customer complaints and other engagements are handled. Established a digitalisation committee to oversee, evaluate and monitor our digital transformation journey. Made significant investments in maturing our cyber security resilience. Improved our Infrastructure back office to give effect to our Hybrid Cloud strategy.	Monitor the implementation of the Digital transformation Strategy as a strategic imperative. Monitor the implementation of core ICT systems aimed at ensuring operational efficacy. Invest in new skills for digitisation and reskilling and upskilling current workforce. Implementation of the data quality initiatives Enhancement of collection processes (e.g. Section 14) Optimised and modernised the FSCA's infrastructure (HCI)	**Link to risks** ▪ Data risk ▪ Digitalisation risk ▪ Talent risk ▪ Cyber risk ▪ IRS project risk ▪ Mandate risk **Link to stakeholders** ▪ Government ▪ Employees ▪ Financial consumers ▪ Regulated persons ▪ Suppliers ▪ Other regulators

MANAGING STAKEHOLDERS' NEEDS

Link to Strategic Objective SO2 SO4 SO5

Capitals involved FC SC HC

Why this is considered material	What we have done	What we continue to do	Linkages
In order to remain a respected regulator, we are expected to meet our stakeholders' needs consistently to build and maintain trust and confidence in South Africa's financial system.	Implemented a stakeholder engagement strategy, which improved relations. Conducted engagements with stakeholders to improve transparency, financial literacy and customer protection.	Build and maintain relationships with stakeholders by ensuring that their needs are met. Trustee Tool kit new roll-out with new functionality	**Link to risks** ▪ Mandate risk ▪ Stakeholder risk ▪ Talent risk ▪ Data risk **Link to stakeholders** ▪ All

MAINTAIN GOOD GOVERNANCE AND REPUTATION

Link to Strategic Objective SO1 SO2

Capitals involved SC HC FC MC

Why this is considered material	What we have done	What we continue to do	Linkages
As the authoritative voice in the financial sector, we are expected to demonstrate a high standard of ethics and good governance to ensure that trust and confidence in the financial sector is maintained.	Implemented effective controls and governance resulting in a clean audit outcome. Developed whistleblowing policy to reinforce the Code of Conduct and provide overall guidance for the reporting of suspicious unethical behaviour, fraud, or corruption. FTAF implementation of Benefit Ownership (portal implementation and integration platforms with other verification agents) Established the FSCA Fraud Technical Task Forum that meets quarterly to oversee and monitor all fraud related matters in the FSCA. Approved FSCA ethics policy and procedure manual.	Comply with government legislative regulations as a responsible regulator. Implement sound controls and effective governance structures. Annual ethics e-learning training is compulsory for all FSCA staff.	**Link to risks** ▪ Data risk ▪ Fraud and corruption risk ▪ IRS project risk ▪ Sustainability risk ▪ Mandate risk ▪ Stakeholder risk **Link to stakeholders** ▪ All

FAIR OUTCOMES FOR FINANCIAL CUSTOMERS

Link to Strategic Objective SO2

Capitals involved FC HC SC IC

Why this is considered material	What we have done	What we continue to do	Linkages
We must put measures in place through our regulatory and supervisory work to promote positive regulatory outcome for financial customers.	Implemented proactive and reactive supervisory measures to ensure positive outcomes for financial customers. Issued regulatory instruments to protect financial consumers, enhance market efficiency and integrity and assist in maintaining financial stability. . Established a Consumer Advisory Panel to provide ongoing advice and consumer-relevant perspectives to the FSCA concerning its work as a market conduct regulator for the South African financial sector. Participated in various structures to develop policies to enhance compliance with our regulatory requirements.	Revise our regulatory and supervisory instruments to enhance customer protection. Continue to closely monitor compliance by conducting risk-based assessments to guide regulatory and supervisory focus and activities. Continue regular engagements with regulated persons. Implement the FSCA three-year Regulation Plan and review it on an annual basis to ensure that it remains up-to-date, effective and continues to align to the FSCA's strategic objectives.	**Link to risks** - Mandate risk - Sustainability risk - Stakeholder risk - Talent risk - Data risk **Link to stakeholders** - Government - Employees - Regulated persons

Sibusiso Mondlana, Senior Language Specialist communicating in sign language at our event

FUNDING

Link to Strategic Objective SO1 SO2 SO3 SO4 SO5

Capitals involved FC HC SC IC MC NC

Why this is considered material	What we have done	What we continue to do	Linkages
Our budget, supported by levies and fees, is critical to ensure that we are adequately funded to effectively execute on our mandate.	We reviewed our financial management and SCM policies to strengthen controls and remain updated with the latest regulations. We conducted extensive consultations with stakeholders to explain our funding requirements. Implemented sound financial control systems to ensure that allocated funds are deployed efficiently and effectively. Implemented a new ERP system for accurate and timeous reporting, levies invoicing and collection.	We will continue to review and enhance the internal financial control systems to ensure all financial risks are mitigated. We will continue to ensure prudent financial discipline on the spending of allocated resources to maintain long-term financial sustainability. We will continue to strengthen our relationships with levy payers.	**Link to risks** ▪ All **Link to stakeholders** ▪ All

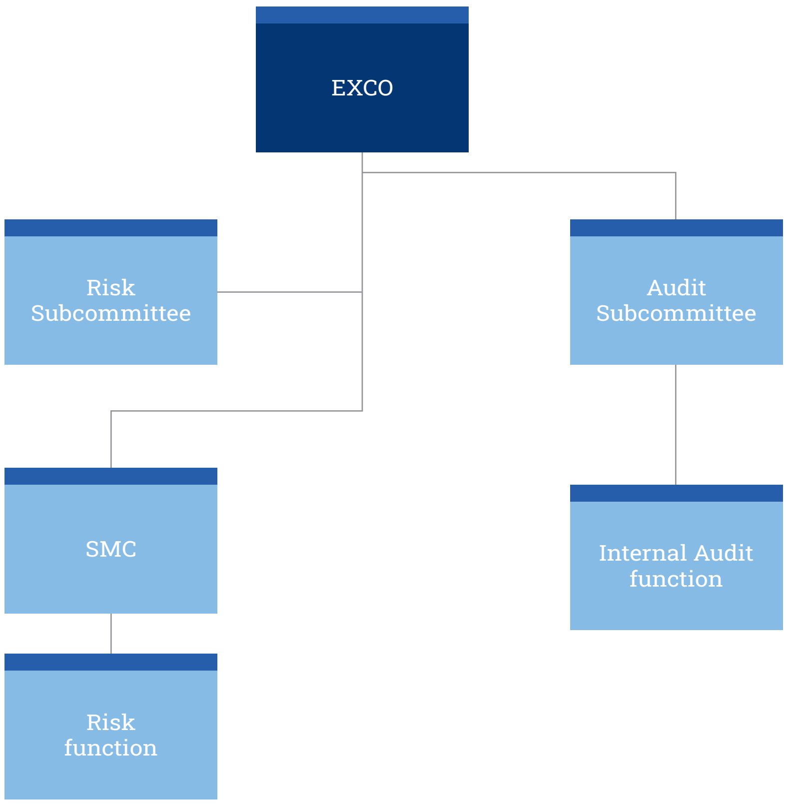
Managing our risk

We have implemented materiality identification processes in determining the matters that materially impact our ability to create, preserve or erode value over time. Our Exco reviews and approves these material matters in line with our governance processes. We have identified six material matters that are linked to our strategic risks, strategy and functions and report on them to serve the information and decision-making needs of our stakeholders. The material matters are: i) effective talent management, ii) digital transformation, iii) managing stakeholders' needs, iv) maintaining good governance and reputation, v) fair outcome for financial customers and vi) funding. The process is conducted annually to ensure our material matters are assessed and remain relevant and enable us to achieve our strategic objectives. Material matters are reviewed annually.

Risk management process

The Risk Subcommittee is in place to ensure systems of control function effectively and are appraised regularly by management. Exco ensures that management has designed, implemented and monitors an integrated process of risk management into the daily activities of the organisation.

The Audit Subcommittee ensures that the FSCA carries out its responsibilities as they relate to internal controls and the management of risks. The risk management function maintains a level of independence from the operations and line management to ensure that a consistent approach is applied, and the function is equipped to challenge and analyse the risk profiles developed and reported.



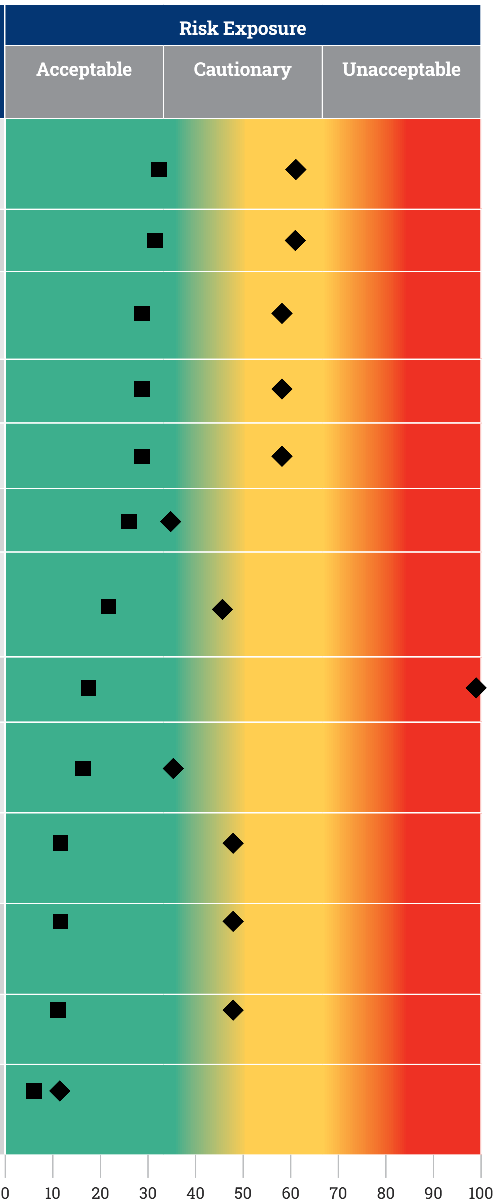
Top 13 strategic risks

The top 13 strategic risks as at 31 March 2024 are outlined below, together with strategic objective, control level and mitigating factors:

Risk ranking	Risk description	Residual risk value	Strategic objectives	Capital affected	Material matter
R01	Mandate Risk	Acceptable	SO1 SO2 SO3 SO4	SC HC FC IC	
R02	Data Risk	Acceptable	SO1 SO2 SO3 SO5	HC FC IC	
R03	Digitalisation Risk	Acceptable	SO1 SO2 SO5	HC FC IC	
R04	IRS Projects Risk	Acceptable	SO1 SO2 SO3 SO5	HC FC IC	
R05	IRS Projects Risk	Acceptable	SO1 SO2 SO3	HC FC IC	
R06	Third Party Viability	Acceptable	SO2 SO5	SC HC FC	
R07	Power Failure Risk	Acceptable	SO1 SO2 SO3	SC HC FC	
R08	Cyber Security Risk	Cautionary	SO1 SO2 SO5	SC HC FC IC	
R09	Fraud and Corruption Risk	Acceptable	SO1 SO2 SO3 SO4	SC HC FC	
R10	Stakeholder Risk	Acceptable	SO4 SO5	SC HC FC	
R11	Talent Risk	Acceptable	SO5	SC HC FC	
R12	Staff Safety Risk	Acceptable	SO5	HC FC MC	
R13	Sustainability Risk	Acceptable	SO2 SO5	SC HC FC IC	

Below is a risk heatmap indicating the risk movement from the previous year to the review year. In addition, this map shows the residual risk rating of each risk.

Risk Rank (Previous)	Change in Residual Risk Rating	Risk Description
1 (8)	↗	Mandate risk - The risk of FSCA not achieving its mandate in terms of the FSR Act, inter-connectedness with other regulators. including the risk of acting outside of our mandate.
2	→	Data Risk - Inability to adequately acquire, store, transform, move, and optimally use its data assets
3	→	Digitisation Risk - Risk of disruption in operations or unavailability of services, due to high dependency on technology and digital platforms
4	→	IRS Projects Risk - Risk of project overruns and implementation delays
5	**New**	IRS Projects Risk - Risk of project procurement delays and cost overruns.
6	**New**	Third Party Viability - The possibility that third parties (such as service providers) could go insolvent.
7	→	Power Failure Risk - Lack of sustainable long-term power which prevents the organisation and sector from making full use of opportunities that exist through data tools and digital transformation
8 (1)	↘	Cyber Security Risk - The risk of FSCA network attacks by malicious insiders and outsiders.
9	→	Fraud and Corruption Risk - The risk that internal or external fraud and corruption activities will jeopardise the operations of the FSCA.
10	→	Stakeholder Risk - The risk of the FSCA overlooking stakeholder concerns, misunderstanding or miscommunication could develop into complex stakeholder issues.
11	→	Talent Risk - The risk of the FSCA's existing skills failing to keep pace with technological and other advancements in the financial sector.
12	→	Staff Safety Risk - The risk of death/injury to employees while carrying out their mandate including the executives.
13	→	Sustainability Risk – Risk of material negative impact on the long-term viability of the FSCA due to inadequate management of environmental, social or governance factors.



■ Residual Risk ◆ Inherent Risk

To manage our strategic risk effectively, we rank risks quarterly. Based on scores for impact and likelihood, 12 risks were classified as acceptable and one as cautionary. Residual exposure is determined after considering risk mitigation.

71 to 100	Unacceptable	(red)
41 to 70	Cautionary	(yellow)
1 to 40	Acceptable	(green)

Stable/no change	→
Decreasing risk exposure	↘
Increasing risk exposure	↗

R01 RISK 8: Mandate risk

Risk description	Risk mitigation	Impact on value
The risk of FSCA not achieving its mandate in terms of the FSR Act, and inter-connectedness with other regulators, including the risk of acting outside of our mandate.	■ Signed MoUs to govern collaboration with co-regulators and other stakeholders. ■ On-going engagement/relationships management ■ Negotiations and discussions with National Treasury. ■ On-going review of regulatory strategy. ■ Research to support evidence-based policy and decision-making. ■ COFI Bill and harmonisation of subordinate regulation to strengthen regulatory frameworks	■ Reputational damage ■ Ineffective supervision ■ Inability to enforce regulatory action. ■ Strategy uncertainty ■ Poorer customer outcomes

Opportunity: Implementing a fit for purpose strategies to assist in creating a sustainable value, thereby ensuring the achievement of our mandate

Planned controls

- Complete outstanding MOUs
- Develop a unified case management/reporting tool
- Enhanced supervisory tools (regulatory and supervision frameworks in new areas)
- Improved and integrated IT systems and reports, to monitor critical indicators

R02 RISK 2: Data Risk

Risk description	Risk mitigation	Impact on value
The FSCAs inability to adequately acquire, store, transform, move, and optimally use its data assets	■ Adoption of sound policies, internal data information control and procedures ■ Digital Transformation Committee in place ■ Sound data and information governance structure established ■ Enterprise Information Governance Office ■ BCM and data recovery ■ Implementation of POPIA controls ■ Establishment of a data management department with a data quality unit and analytics platform implemented	■ Incorrect rulings due to the availability of unreliable data ■ Incorrect reporting resulting in reputational damage ■ Contravention of the POPI and PAIA acts ■ Negative audit findings

Opportunity: Enables us to improve efficiency by automating our data management depository

Planned controls

- Augment skills in data management and data analysis department
- Adopt a data literacy programme
- Implement the data strategy
- Drive data quality initiative

R03 RISK 3: Digitalisation Risk

Risk description	Risk mitigation	Impact on value
Risk of disruption in operations or unavailability of services, due to high dependency on technology, digital platforms and emerging technologies (including AI).	■ IT/Network disaster recovery in place ■ IT governance framework and policy ■ Monitoring of critical activities (Event log monitoring) ■ Proactive monitoring of the IT environment through the EG monitoring solution ■ On-premise backup and archiving solutions ■ Cyber risk insurance	■ Inability to perform the day-to-day business and ICT operational tasks and negatively impacting service delivery to external and internal stakeholders

Opportunity: Enables the FSCA to safely and securely exploit digital and cyber advances in technology to enhance its operations

Planned controls

- Employ additional new high-tech skills for new capabilities.
- Implement data loss protection capability technology.
- Use the ERM governance, risk management, and compliance and assurance (GRC) software solution to implement, monitor, and measure the effectiveness of internal controls and any gaps in compliance.
- Implement vendor resilience through service provider risk assessments and performance appraisals.
- Define the business target operating model (TOM)

R04 RISK 4: IRS Projects Risk

Risk description	Risk mitigation	Impact on value
Risk of project overruns and implementation delays	■ Apply lessons learnt from the ERP project implementation. ■ Technical skills knowledge transfer to be included in the contract ■ Ensure post-implementation maintenance support ■ Conduct a service provider risk assessment ■ Contract Management Specialist responsible for ensuring contract service level agreement with service provider secures the interest of the FSCA ■ Project management framework is in place and operational ■ Existing experienced ICT resources and training interventions where necessary ■ ICT steering committee comprises of Strategic Management Committee members established. ■ Enterprise architecture involvement	■ Cost and time overruns ■ Reputational damage ■ Business disruption ■ Negative audit findings

Opportunity: The IRS will provide us with opportunities to streamline, customise and configure our processes to enhance operational efficiency

Planned controls

- Digital Transformation Committee (IRS Steerco) oversight
- Digital Transformation Committee (IRS Steerco) oversight
- Conduct Security Vulnerability assessment prior to going live

R05 RISK 5: IRS Projects Risk

Risk description	Risk mitigation	Impact on value
Risk of project procurement delays and cost overruns.	■ Approved business case ■ Terms of Reference reviewed by internal audit and approved by Exco ■ Approved Procurement processes ■ Internal audit review of procurement process before appointment of service provider	■ Cost and time overruns ■ Reputational damage ■ Business disruption ■ Negative audit findings

Opportunity: The IRS will provide us with opportunities to streamline, customise and configure our processes to enhance operational efficiency

Planned controls

- Project oversight through Digital Transformation Committee to monitor supplier performance.

R06 RISK 6: Third Party viability

Risk description	Risk mitigation	Impact on value
The possibility that third parties (such as service providers) could go insolvent due to competitive pressure, the state of the economy, or other market factors to a point that there are not able to service the FSCAs operations when needed	■ Appointing financially sound suppliers for strategic projects	■ Reputational damage ■ Stakeholder dissatisfaction ■ Legal and regulatory consequences ■ Operational inefficiencies. ■ Reduced innovation and growth opportunities

Opportunity: By identifying and engaging multiple service providers for essential functions, the FSCA can spread its reliance across different entities. This diversification can mitigate the impact of any single provider's insolvency and enhance the FSCA's operational continuity.

Planned controls

- Implement vendor resilience through service provider risk assessments and performance appraisals.
- Continuous financial risk assessment of suppliers

Mpho Mabuza, Training Facilitator at our office

R07 RISK 7: Power Failure Risk

Risk description	Risk mitigation	Impact on value
Lack of sustainable long-term power which prevents the organisation and sector from making full use of opportunities that exist through data tools and digital transformation	▪ Generator and Uninterrupted Power Supply (UPS) ▪ BCM plans in place. ▪ Availability of DR site ▪ Physical security in place ▪ Electricity crisis plan in place ▪ Weekly testing of the generator ▪ Preventative maintenance plans for the generator and UPS ▪ Environmental monitoring system ▪ Implemented the power playbook	▪ Business interruption ▪ Loss of data integrity ▪ ICT system failure ▪ Compromised security (staff and assets) ▪ Injuries to staff ▪ Reputational damage.

Opportunity: Allows the FSCA to not only enhance its operational resilience but also to embrace sustainability and innovation in its energy management practices.

Planned controls

- Implementation of solar energy.
- Exploration of more feasible business premises.
- Investigate the option to move the data centre to an offsite location.

R08 RISK 1: Cyber Security Risk

Risk description	Risk mitigation	Impact on value
The risk of FSCA network attacks by malicious insiders and outsiders.	▪ Recovery assisted by experts. ▪ Disaster recovery plan in place ▪ Cyber security risk management aligned to the FSCA's Enterprise Risk Management (ERM) and operationalised ▪ Email encryption implemented ▪ Periodic review of ICT security governance documents ▪ User software installation restrictions on endpoint ▪ Access to business systems restricted to FSCA owned workstations and VPN Access ▪ Non-disclosure agreements ▪ Continuous vulnerability management and remediation ▪ Security incidents and event management implemented	▪ Reputational damage ▪ Financial loss ▪ Loss of business data resulting in inability to deliver on our mandate ▪ Loss of trust ▪ Transgression of regulation and FSCA policies

Opportunity: Enables us to safely and securely exploit digital and cyber advances in technology to enhance our operations.

Planned controls

- Implement Identity and access management
- Develop Data Loss Prevention Policy

R09 RISK 9: Fraud and Corruption Risk

Risk description	Risk mitigation	Impact on value
The risk that internal or external fraud and corruption activities will jeopardise the operations of the FSCA.	■ Approved policies ■ Sound accounting and systems controls ■ Comprehensive fraud and corruption prevention strategy (including tip-offs and an anonymous reporting line). ■ Sound HR processes in vetting new employees and checking for conflicts of interest in existing employees ■ Comprehensive awareness programme on fraud and corruption prevention ■ Established Fraud Risk Technical Task Forum (FRTTF)	■ Negatively impact on our sustainability due to financial, reputational and confidence loss by internal and external stakeholders.

Opportunity: By preventing fraudulent and unethical behavior, we could avoid unnecessary costs and reputational damage

Planned controls

- To create a fraud risk assessment team incorporating investigators
- To expand business interest verification to include non-management employees
- FSCA staff to be required to disclose changes in their criminal record status
- To establish a Risk, Governance, Compliance and Ethics Committee

R10 RISK 10: Stakeholder Risk

Risk description	Risk mitigation	Impact on value
The risk of the FSCA overlooking stakeholder concerns, misunderstanding or miscommunication could develop into complex stakeholder issues.	■ Stakeholder engagement plan ■ Contracted reputation management company ■ Set targets for stakeholder engagement ■ Conduct regular stakeholder engagement meetings as per plan	■ Lack/loss of trust in the FSCA

Opportunity: Transparent communication with stakeholders would lead to increased cooperation, trust and also improve our reputation

R11 RISK 11: Talent Risk

Risk description	Risk mitigation	Impact on value
The risk of the FSCA's existing skills failing to keep pace with technological and other advancements in the financial sector.	■ Recruitment and retention strategy and policy in place ■ Remuneration benchmarked to industry ■ On-going training and up-skilling of staff ■ Implementation of the talent management framework ■ Implementation of fair employment practices ■ Establish employee secondment opportunities ■ Succession plans	■ Lack of requisite skills - ■ High staff turnover ■ Low staff morale -

Opportunity: By acquiring, developing and retaining talented skills enables us to be an employer of choice

Planned controls

- Establish career paths for specialist skills

R12 RISK 12: Staff Safety Risk

Risk description	Risk mitigation	Impact on value
The risk of death/ injury to employees while carrying out their mandate, including the executives.	■ SAPS accompanying investigators and consumer education staff ■ Group personal accident insurance cover ■ Approved safety policy ■ Improved access control at FSCA reception ■ Personal protection services.	■ Possible death/injury/ kidnapping of employees ■ Loss of skills ■ Reputational damage ■ Possible litigation

Opportunity: Maintaining a safe working environment enhances staff motivation, well-being and productivity

Planned controls

- De-escalation and situational awareness training for the enforcement team.

R13 RISK 13: Sustainability Risk

Risk description	Risk mitigation	Impact on value
Risk of material negative impact on the long-term viability of the FSCA due to inadequate management of environmental, social or governance factors.	■ Social and Ethics Committee in place. ■ Transition to the annual integrated reporting ■ Implementation of the levies bill	■ Reputational damage

Opportunity: Enhance our commitment to being a socially responsible organisation that contributes in protecting environmental damage in a financially sustainable manner

Planned controls

- Environmental, Social and (Corporate) Governance (ESG) Policy
- Reframe procurement priorities and embed ESG when selecting vendors.
- Improve the FSCA's carbon footprint reporting.


NFERENCE
2024
nancial Sector Re atory Dialogue


FSCA
Financial Sector
Conduct Authori
CA

Part F

Our performance

In this chapter

- Managing our capitals

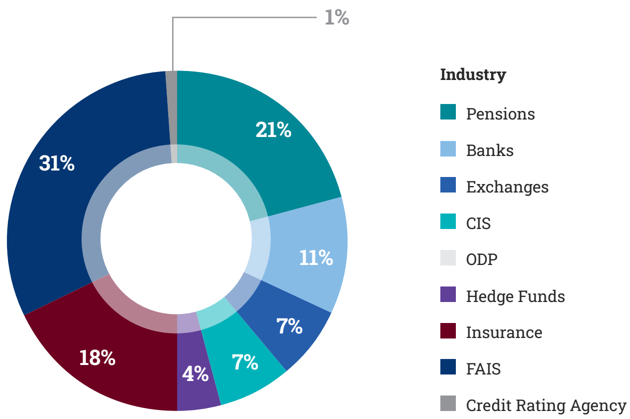
Managing our capitals

Strengthening our financial capital

The global economic outlook remains subdued with lower projected GDP growths and continuing climate change shocks. Despite the economic challenges, our prudent financial management practices enabled us to perform our public value function in a financially sustainable manner.

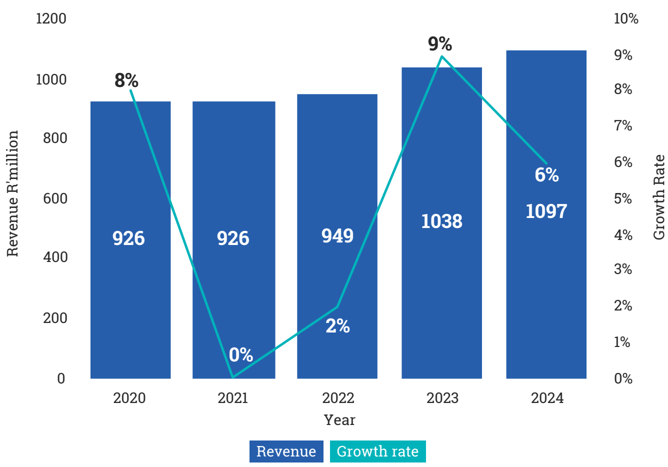
As at financial year-end, our financial position and liquidity remained strong which will enable us to implement our revised Target Operating Model (TOM), funding planned capital expenditure and meet our financial obligations when they fall due.

Levy and fee contribution



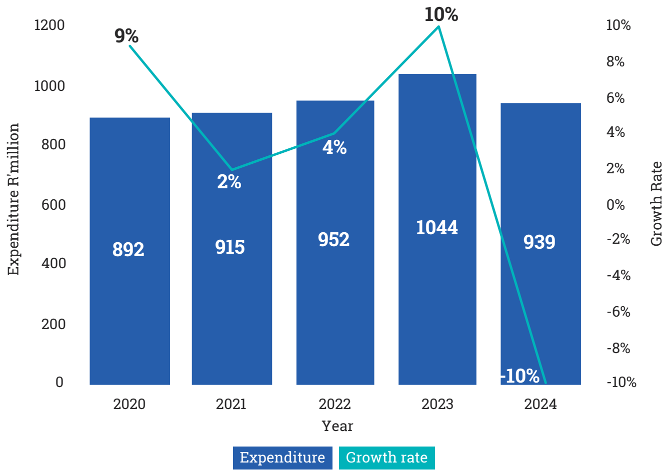
The financial advisory and intermediary services (FAIS), pensions, banks and insurance industries continued to be the major contributors to levy income, accounting for 31%, 21%, 11% and 18% respectively with the remaining 19% contributed by other sectors.

Revenue growth



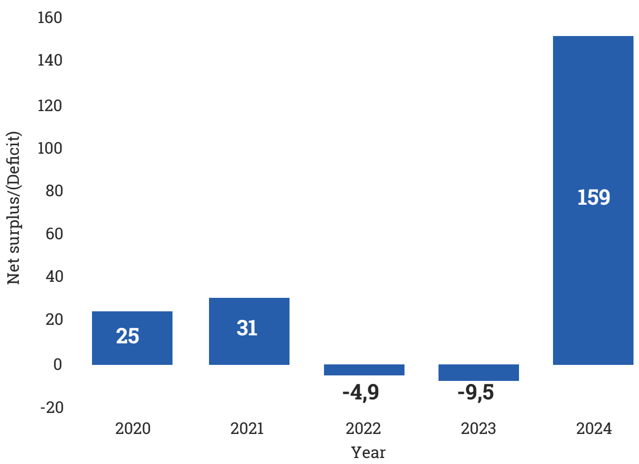
Revenue consists of fees, levies and penalties. For the year ended 31 March 2024, revenue grew by 6% to R1.096 billion (2022/23: R1.038 billion) against a budget of R977 million. The financial advisory and intermediary services (FAIS), pensions and insurance industries continued to be the major contributors to levy income, accounting for 81% (2023/43: 87%).

Operating costs



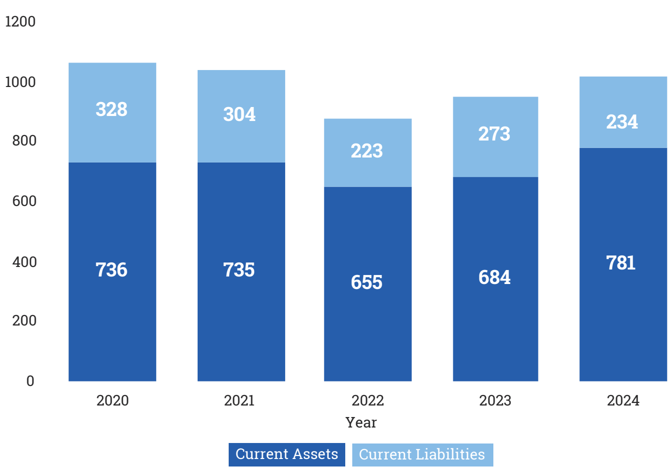
Total operating costs decreased by 10% to R939 million (2022/23: R1.044 billion). The decrease in costs is primarily due to our strategic cost containment measures which included a hybrid working model and a reduction in office space lease rental.

Net surplus/(Deficit)



As at 31 March 2024, we reported a surplus of R159 million (2022/23: R9.5 million deficit). This is primarily due to an increase in levies including the first year of the special levy as per the Levies Act and savings in office rental and other operating costs.

Working capital



We effectively managed working capital to ensure the availability of resources to meet our financial obligations. Cash flow is closely managed and surplus funds are invested in the Corporation for Public Deposits within the South African Reserve Bank (SARB). The net current assets as at the financial year remained positive at R547 million (2022/23: R410 million).

Trade and other payables

We aim to settle trade payables within 30 days of receiving suppliers' invoices in line with National Treasury Regulations. In this regard, we have achieved an average of 11.3 days for the year (2023: 29 days) which is within the 30 days prescribed by National Treasury. At the financial year-end, trade payables amounted to R12 million (2023: R13 million).

Trade and other receivables

As at the financial year-end, the levy trade receivables amounted to R69 million (2023: R34 million), representing 6.29% of the levies income (2023: 3.67%).

In terms of section 167 of the FSR Act, the FSCA is responsible for administering the invoicing and collection of enforcement penalties on behalf of National Treasury. Amounts recovered by the FSCA from enforcement receivables are paid to the national revenue fund. The net penalties and inspection receivables as at the end of the financial year amounted to R21 million (2022/2023: R73 million).

Penalty and inspection receivables collection remains a challenge as these debts by their nature are not planned for and are often appealed, resulting in collection uncertainties and delays.

Outlook

Our digital transformation strategy implementation is underway which aims to transform the FSCA into an insight driven digital entity that is responsive, accessible, efficient and effective. During the financial year, we successfully implemented an ERP solution and appointed a strategic partner to implement and support our Integrated Reporting Solution (IRS) for business.

This initiative will simplify our business processes, enable us to be more agile and efficiently and effectively manage our six capitals in creating value for our stakeholders in the short, medium and long term.

In executing our duties, we continue to ensure high ethical standards and governance.

Paul Kekana
Chief Financial Officer

Building social capital

Granting access to the financial sector

In terms of section 111 of the FSR Act, a person may not provide as a business or part of a business a financial product, financial service, or market infrastructure except under a licence in terms of a specific financial sector law, the National Credit Act or National Payment System Act, or if no specific financial sector law provides for such a licence, under a licence in terms of the FSR Act. Therefore, authorising licences to market participants is a crucial instrument in promoting market integrity and protecting financial consumers.

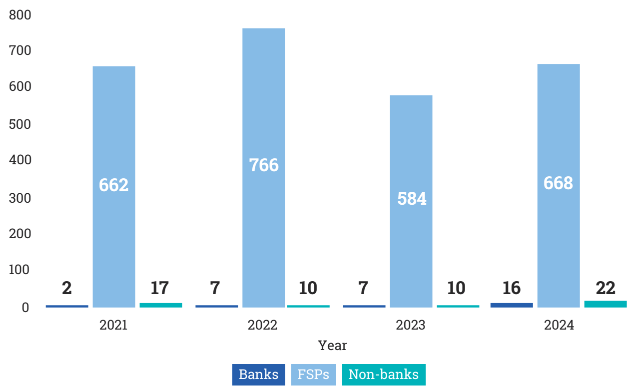
Number of licence applications processed

During the 2023/24 period, 668 FSPs were approved compared to 584 in the previous year. This increase resulted in the number of authorised FSPs increasing from 11 740 in 2023 to 11 890 in the current reporting period.

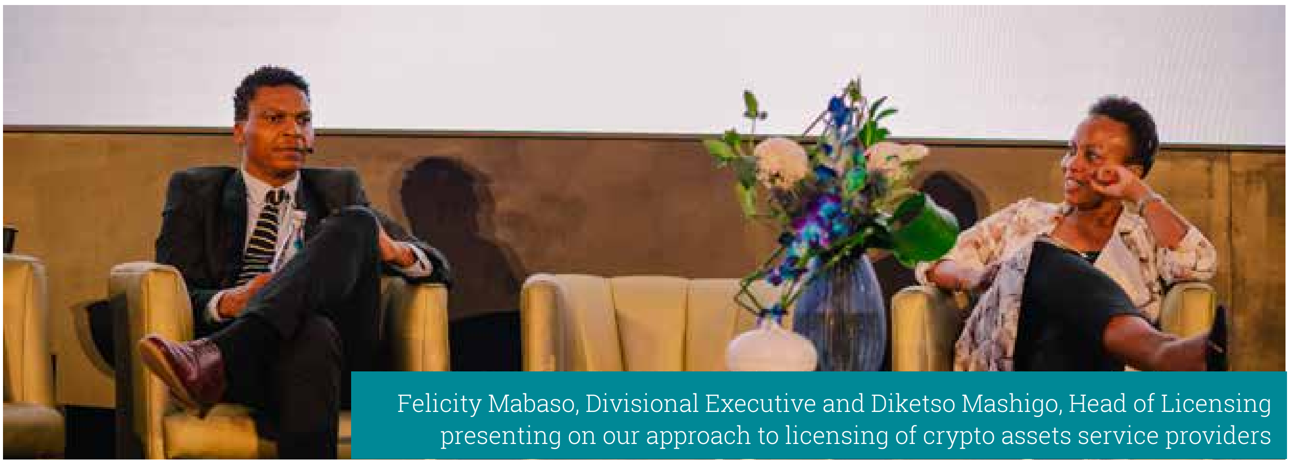
A total of 38 ODPs comprising 16 bank and 22 non-bank ODPs were approved as at 31 March 2024 compared to the 24 licences granted in 2023. A total of 13 ODP licence applications are still under consideration.

In terms of Section 126 of the FSR Act, we concurred with the PA to approve the registration of two CFIs, one mutual bank, one local commercial bank and one representative office of a foreign bank. We also concurred with the PA in approving the deregistration of one co-operative bank, one representative office of a foreign bank and 1 branch of a foreign bank.

The total number of active section 13B benefit administrators under the reporting period is 114, a decrease from the total of 127 reported in the previous year. This is due to 13 benefit administrators being considered for deregistration and therefore increasing the total number of inactive entities to 59.



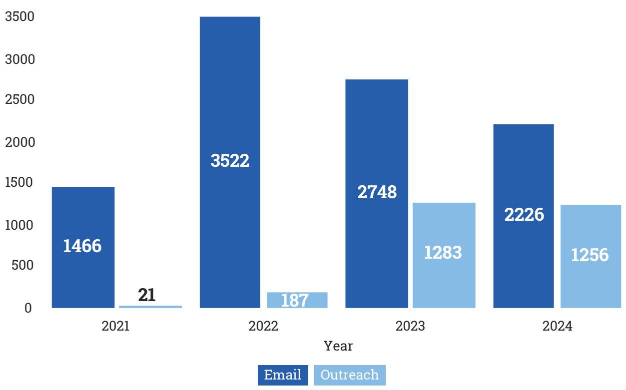
In the current period, we granted concurrence in respect of one cell captive insurance and one microinsurance licence applications to enable the PA to finalise the approval process. We also concurred with the PA in withdrawing the licence of one micro insurer. Furthermore, four microinsurance licence applications were declined by the PA. The applicants failed to comply with the minimum requirements and after multiple engagements to provide guidance to assist, the applicants still failed to demonstrate that they have the capacity and resources to operate as microinsurers.



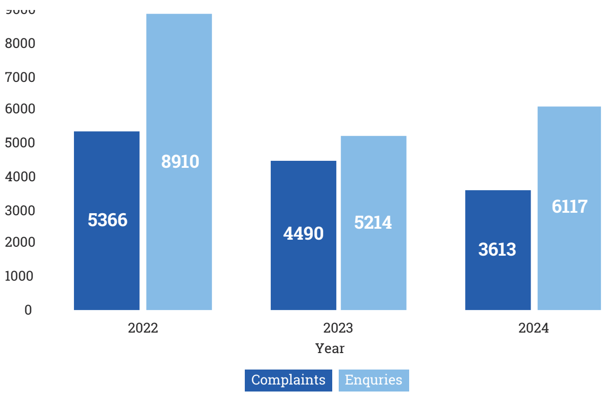
Felicity Mabaso, Divisional Executive and Diketso Mashigo, Head of Licensing presenting on our approach to licensing of crypto assets service providers

Complaints and enquiries

In ensuring a coordinated and integrated approach to serving our stakeholders, we have established the Business Centre as the single point of entry for all external stakeholder inputs – including queries and complaints, statutory submissions, and applications for financial services activities. Work is under way to develop the Complaints and Queries Management Policy and Framework to ensure that the complaints and query management process is efficient and effective, and adds the intended value to our supervisory activities. The policy and framework for the management of complaints and queries will ensure that as a conduct regulator, the FSCA effectively uses complaints data as a source of supervision intelligence and to determine suitable supervisory intervention and responses



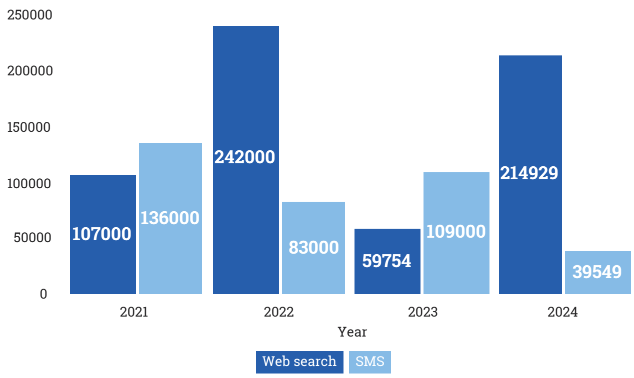
In the reporting period, we received 9 732 matters, compared to 9 236 in 2023. These comprised 3 613 complaints and 6 117 queries. Out of these, 2 724 complaints and 6 117 queries were assessed and completed. A total of 1 839 complaints fell outside of the jurisdiction of the FSCA. The majority of complaints received during the period fell outside of the jurisdiction of the FSCA, and complainants were advised to engage with the relevant institutions, and where possible, the FSCA referred matters directly to said institutions (including Ombud Schemes).



The FSCA has made available online platforms that enable members and/or beneficiaries of pension funds to conduct searches and determine if they are eligible for any benefits. These online platforms comprise Web-search, SMS and Email Search. During the reporting period, the web-search was most utilised platform to conduct unclaimed benefit searches with 214 929 searches queries performed on the platform.

We handled a total of 6 906 unclaimed benefit queries during the reporting period received through outreach programmes, walk-ins and email. These queries increased by 4,5% from 6 685 in 2023 to 6 906 in 2024. The year-on-year increase in unclaimed benefits queries can be attributed to awareness initiatives conducted through media platforms such as radio interviews and community outreach programmes.

During the reporting period, SMS searches decreased from 109 000 to 39 549. Web search increased from 59 754 to 214 929 in 2024. We finalised 89% of queries, with the remaining 11% still being considered. Finalising unclaimed benefits queries involves linking the prospective beneficiaries or members with the correct pension funds and obtaining responses. We are implementing new initiatives to enhance the effectiveness of the process.



Risk-based supervision

Conduct of business

During the year under review, ten communication and guidance notices were published. The purpose of these notices is to provide information and guidance to the industry about new developments and/or interpretation aspects on various matters.

During the year under review, ten communication and guidance notices were published. The purpose of these notices is to provide information and guidance to the industry about new developments and/or interpretation aspects on various matters.

Date/number of Notice	Authority	Sectors	Summary
FSCA CIS Notice 2 of 2023	FSCA	CIS	Exemption of Cloud Atlas (RF) (Pty) Ltd from certain requirements in Board Notice 91 of 2014
FSCA CIS Notice 3 of 2023	FSCA	CIS	Exemption of Ci Collective Investments (RF) (Pty) Ltd from certain provisions of Board Notice 90 of 2014
FSCA CIS Notice 4 of 2023	FSCA	CIS	Exemption of Coronation Management Company (RF) (Pty) Ltd from certain provisions of Board Notice 52 of 2014
FSCA CIS Notice 1 of 2024	FSCA	CIS	Exemption of Boutique Collective Investments (RF) (Pty) Ltd from certain provisions of Notice 778 of 2011
FSCA CIS Notice 2 of 2024	FSCA	CIS	Exemption of Managers of Collective Investment Schemes from certain provisions of Board Notice 52 of 2015
FSCA CIS Notice 3 of 2023	FSCA	CIS	Exemption of 27four Collective Investments (RF) (Pty) Ltd from certain provisions of Notice 778 of 2011
FSCA CIS Communication 8 of 2024	FSCA	CIS	FSCA Communication 8 of 2024 (CIS) – Reinvestment of Income Distribution from securities held by CIS in Portfolio.

Date/number of Notice	Authority	Sectors	Summary
FSCA Communication 30 of 2023	FSCA	BANKS	The purpose of this Communication is to provide clarity on the expectations of the FSCA regarding the closure of branches and/or removal of ATMs by banks, whether on a temporary or permanent basis.
FSCA Communication 33 of 2023	FSCA	ALL	Update on roll-out and implementation of cross-sectoral Conduct of Business Return for financial institutions
FSCA (INS) Notice 3 of 2024:	FSCA	MICROINSUR-ANCE	Exemption of Microinsurers from Rule 2A.6.1 of the Policyholder Protection Rules (Long-Term Insurance), 2017

Onsite Inspections 2023/24

The purpose of onsite inspections is to identify the compliance of licensed entities with the legislation. Themed visits, where specific aspects are scrutinised, allow us to build trend reports focusing on supervisory activities. We adopted a risk-based approach in selecting institutions and appropriate inspection supervisory activities. For example, the inspections on banks were carried out due to complaints received and the level of media coverage on these matters. The objective of inspections is to review whether the identified issues could cause harm to consumers resulting in a lack of confidence in the financial system.

Outcomes of the Desktop Review on Complaints

We are fully aware of the significance of monitoring complaints in ensuring proper supervision of a bank's market conduct. The fair and effective management of complaints by banks plays a crucial role in instilling customer confidence and trust and has long been acknowledged as a key factor. The purpose of this review was to evaluate banks' adherence to Section 8 of the Conduct Standard for Banks. The supervision was conducted in two stages.

The initial phase centred on the banks' methods of categorising reportable complaints from complainants, as well as their systems for storing and handling data pertaining to such complaints. In the second phase, we requested a sampling of the complaints register to ensure accurate, efficient, and secure record-keeping of information related to complaints, including acknowledgement of receipt, assessing the processes for following up on these complaints, and adequately informing the complainant of the progress, and clear and transparent communication of the relevant ombud services at all stages.

we have analysed all the information provided by the banks. Following extensive discussions with the banks to seek clarification on certain subsections, draft management letters were issued to the banks and we received responses where some findings were disputed. We are currently finalising the analysis of these disputes in order to inform the final management letters to be issued.

Participants at our Financial Literacy Speech Competition in Gauteng

Inspections Conducted by COB in 2023/24

Theme	Number of inspections	Type of entities concerned
General	2	Traditional Insurers
General	6	Cooperative banks and CFIs
General	3	Microinsurers
Understanding ML/TF risk/Customer due diligence including about beneficial owners and enhanced as well as ongoing customer due diligence/targeted financial sanctions/reporting obligations	30 (AML) 18 (FAI) 10 (IP)	FICA inspections of Accountable Institutions
Compliance with the General Code of Conduct and the Fit and Proper requirements.	44	FAIS reviews on Cat I and IV FSPs
The process undertaken by the banks to terminate accounts	15	Banks
General onsite inspection	30	Investment Providers
Other engagements: Progress made by the industry since the extension of FSCA's mandate to have oversight on the conduct of payment providers	6	Payment Providers

We have also conducted joint inspections with other supervisory bodies on dual supervised groups. This has reduced duplication, cost and compliance fatigue on dual supervised institutions/groups and promotes the sharing of AML/CFT/CPF information among supervisors, advancing understanding of risk in institutions, groups and the sector at large.

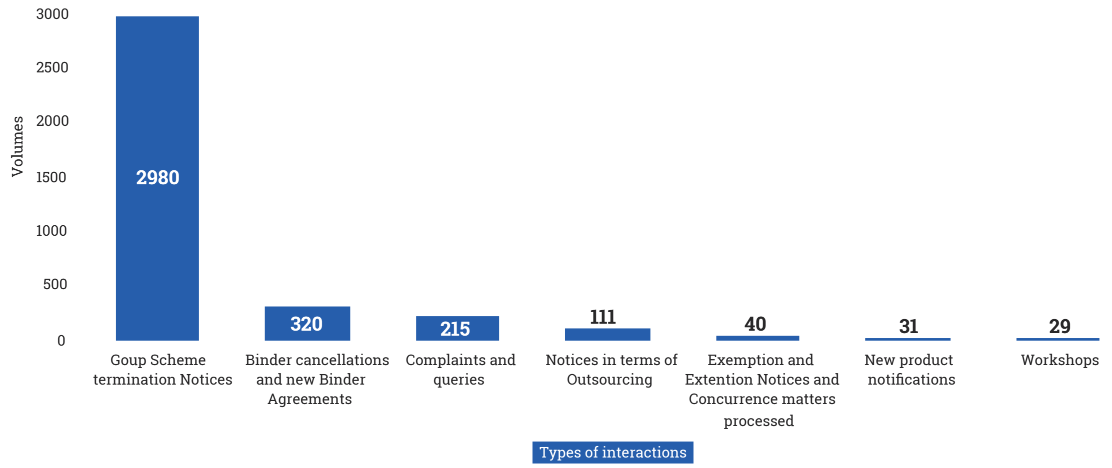
Omni-CBR

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) was issued on 4 December 2023. The update included 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 details on the envisaged next steps for the roll-out and implementation of the Omni-CBR.

We are 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, in parallel with the industry pilot of the revised reporting template.

Colleagues at our office

2023/24 Interactions



Supervision of Category I and IV FSPs

The table below depicts the supervisory activities undertaken on the authorised FSPs:

	2020/21	2021/2022	2022/23	2023/24
Authorised Cat I and IV FSPs	10 130	10 157	10 883	10 747
Desk-based supervision				
Financial statements	2 094	8 903	10 082	11 465
Compliance reports	120	92	158	20
Extension requests	306	1 555	1 631	718
Material irregularity reports	58	78	65	88
Referrals for regulatory action:				
FSPs	113	65	82	49

All FSPs must submit annual financial statements (AFS) within four months of financial year-end. The submitted AFS are reviewed to determine adherence to financial soundness requirements. 11 465 AFS were received and 9 988 (87%) were analysed and completed.

Irregularity reports

Under the FAIS Act, compliance officers and auditors must report material non-compliance to the Authority.

During the reporting period, 88 irregularity reports were received, considered and the necessary action taken.

Desk-based supervision of Investment Providers

Desk-based supervision is an offsite tool used to ensure adequate oversight over an entity's statutory returns to ensure that they meet various requirements like financial soundness and liquidity as prescribed in legislation.

	2019/20	2020/21	2021/22	2022/23	2023/24
Collective Investment Schemes					
Capital adequacy reports	708	670	662	655	638
Mark-to-market valuation reports	550	586	589	610	649
Quarterly portfolio holding reports	6 254	6 633	197	193	181
Annual Financial Statements	54	52	49	46	45
Collective Investment Schemes in Hedge Funds					
Annual Financial Statements	15	14	13	12	12
Monthly risk reports	1 080	1 182	1 116	1 039	1 227
Quarterly portfolio holding reports	1 031	894	824	1 805	411
Capital adequacy reports	180	168	182	144	144
Investment providers - FSPs					
Compliance reports					
Category II	2	2	0	3	0
Financial statements					
Category II	679	574	779	621	670
Category IIA		105	134	100	97
Category III	21	22	39	21	24
Extension requests					
Category II	41	39	267	292	109
Category III	4	2	4	19	12
Irregularity reports					
Category II	19	12	15	9	31
Category IIA		7	3	2	2
Referrals for regulatory action					
Category II and IIA	4	0	0	3	0

Number of Application Cases dealt with by Investment Providers 2023/24

	Register additional portfolio	Register additional foreign portfolio	Amalgamations	Amendments	FCIS Amendments	Terminations
Portfolio Review	103	33	27	234	55	43
Hedge Funds	22	7	3	20	15	13

Banking Awareness Programmes

During the period under review, two awareness programmes were conducted in Limpopo attended by over 200 community members. The focus was on the role and mandate of the FSCA, general awareness and education on banking, fair treatment of customers, recourse mechanisms available to customers, process to lodge complaints, money management including budgeting and saving, fraud prevention and the process to follow for unclaimed benefits. As a result of the targeted awareness programmes, the following was observed:

- Customers became aware of the FSCA as an institution.
- Customers understood what safety means and the importance of not sharing their card and mobile banking PIN.
- Customers understood the complaints management and processes in place to seek recourse where their complaints were not resolved to their satisfaction.
- Customers could identify instances when financial institutions are not adhering to ethical practices.
- Customers understood the need for less cash and more card through the understanding of the benefits that customers derive from transacting cashless.

Anti-money laundering (AML), counter-terror financing (CTF) and counter-proliferation financing (CPF) value-add initiatives

We have implemented several initiatives to assist accountable institutions with improving their FIC Act compliance behaviour.

Webinars 2023/24

Webinar topic	Year published	Webinar link
ML Webinar on money laundering	September 2023	https://www.youtube.com/watch?v=w8sYQh373Ak

Other Engagements 2023/24

Topic	Year conducted	Type of engagement
Masthead Masterclass Cape Town	September 2023	Masterclass Presentation
Financial Intermediaries Association Southern Africa: 14 September 2023	September 2023	Virtual Presentation
Small FSP problem-solving workshop: 19 September 2023	September 2023	In-Person Workshop
Masthead Masterclass Johannesburg: 27 September 2023	September 2023	Masterclass Presentation

Progress on FATF grey listing action items

Supervision of financial groups

We conducted two joint inspections with the PA at Investec Wealth and Investment (Pty) Ltd and Nedgroup Private Wealth (Pty) Ltd. We also attended bi-annual AML/CFT meetings with the PA and the following banks:

- Standard Bank Group
- Absa Bank Group
- Investec Group
- Firstrand Group
- Bidvest
- Nedbank Group

This action item was initially rated as non-compliant at the time of greylisting. At the FATF plenary of February 2024, this action item was upgraded to largely compliant. Updates on further progress are provided to the reviewers.

This action item was upgraded from non-compliant to partially compliant by the FATF. The remaining actions, as directed by FATF, are to continue applying effective, proportionate and dissuasive sanctions on non-compliant entities including imposition of financial fines for AML/CFT violations in line with respective procedures manuals. We should also continue to report on such activities through updated case studies and statistics.

Retirement funds

We continued to take an active approach to assessing the conduct of trustees and other officers of retirement funds. Acting under Section 132 of the FSR Act, 292 on-site inspections were conducted on retirement funds. In this regard, significant supervisory issues were identified in respect of the following:

- Vacancies on Boards were not filled within 90 days.
- Failure by Boards to monitor compliance with provisions of the PFA, specifically Section 13A of the PFA and Conduct Standard 1 of 2022
- Failure by Boards to timeously submit annual financial statements and valuation reports.
- Failure by principal officers to comply with their fiduciary duties in terms of the applicable legislation.
- Many funds do not yet have a formal TCF policy in place, especially smaller funds.
- High arrear contributions
- Unclaimed benefits remain high.
- Delays in finalising death and withdrawal claims. This increased complaints lodged with the Office of the Pension Funds Adjudicator.

In the statutory manager appointments area, the statutory manager appointed to the Hospitality and General Provident Fund is still in office to assist the fund in regularising its affairs. The statutory managers appointed to the Private Security Sector Provident Fund have discharged their duties and the Court has since cancelled their appointment.

We actively monitor funds under curatorship to ensure that curators act within their mandate and that any non-compliances identified, are resolved. The curators appointed to the Municipal Councilors Pension Fund have been discharging their duties and an application has been made to cancel the curators' appointment, which application has been set down for hearing in June 2024.

In September 2023, the licence of a benefit administrator, N-e-FG Administrators (Pty) Ltd (now Phahamisa Administrators (Pty) Ltd), was suspended for non-compliance with some of the requirements of Section 13B of the PFA due to the administrator not being able to account for the assets of the various funds under its administration. Furthermore, the FSCA was concerned that new contributions were being used to fund expenses. The entity is currently under Statutory Management.

We hosted a series of webinars in July and August 2023 aimed at discussing the failure of employers who belong to Commercial Umbrella, Sectoral Determination, and Trade Union Funds to make contributions to retirement funds in terms of section 13A of the PFA.

In an attempt to create awareness in respect of the long-standing issue of arrear contributions, we issued Communication 17 of 2022 which informed the industry of its intention to publish the names of retirement funds and employers with arrear contributions. Subsequently, two lists containing employers that have contravened Section 13A of the PFA were published. The initial publication was Communication 21 of 2023 which listed employers in contravention as at 30 April 2023 and the subsequent publication was Communication 10 of 2024 with employers in contravention as at 31 July 2023. From these publications, retirement funds have reported to the FSCA that there has been an increase in engagement with employers who have contravened the law. We have also had the pleasure of providing a report to National Treasury, at the request of the Minister of Finance, that detailed arrear contributions in the Municipal sector.

In the prudential supervision area, we have issued two standards such as the derivatives and quarterly regulation 28 exception reporting. The draft standard on the retirement funds accounting framework, and revised annual financial statements is under way. We are considering the introduction of mandatory submissions of cashflow statements, and quarterly asset allocation reports irrespective of whether there are breaches. This will allow us to assess the asset spreading of funds proactively. Lastly, we compiled a retirement funds statistical report containing aggregate data based on various submissions. Future publications will take a closer look at charges and fees as well as key trends.

We have conducted the supervisory activities, which included the registration of retirement funds, on-site visits and the review of annual financial statements.

Activity	Number
Registrations of new funds	4
Umbrella schemes: ■ Recording new participating employers and registration of revised special rules ■ Recording of termination of participation of employers	 5 630 2 611
Approving rule amendments, revised or consolidated rules	772
Approving schemes to transfer assets and/or liabilities between funds and other entities	2 751
Annual Financial Statements	2 949
Supervising fund liquidation: ■ Liquidation exemption section 28(17) completed ■ Liquidation section 28(15)(a) and (b)	 871 871
On-site visits	292
Complaints	39

Note: The table excludes applications received but not yet decided, extensions and exemptions.

Retirement funds: Number of funds by administrator at 31 March 2024

Administrator	Active funds*	Other funds	Total funds
Liberty Group	33	1 143	1 176
MMI Group	42	601	643
Alexander Forbes Financial Services	217	566	783
Sanlam Life Insurance	65	437	502
Old Mutual Life Assurance Company (South Africa)	13	144	157
NBC Fund Administration Services	52	77	129
NMG Consultants and Actuaries Administrators	23	89	112
Own administrator	25	76	101
All other administrators	410	855	1 265
Total	**880**	**3 988**	**4 868**

Promoting consumer education

Under Section 57 of the FSR Act, we are mandated to provide financial customers and potential financial customers with financial education programmes and promote financial literacy to enable existing and potential customers to make sound financial decisions. We use various innovative methodologies to engage consumers. We also started a greater collaboration process with various stakeholders with the National Financial Consumer Education Committee, as well as a partnership with Discovery Limited. The collaboration activities significantly increased our reach during 2023/24.

Key outcomes

Name of activity	Number		Consumers Reached	
	2023	2024	2023	2024
Webinar/Workshops + Outreach	98	74	10 777	11 723
Collaboration Campaigns	4	12	17 159	59 527 514
Media and Social Media engagements (only Media in 2024)	8	21	27 713 000	8 374 013
Total Educational activities	**110**	**107**	**27 740 936**	**67 913 250**

*radio and television listener- and viewership numbers are as received from radio and television stations
*social media statistics are based on the number of views

The collaboration activities included partnering on various social media as well as traditional media like radio, television, and print. Information on all these activities is available on our dedicated consumer website at www.fscamymoney.co.za, various social media platforms, as well as on the Money Smart Week South Africa (www.mswsa.co.za) and the National Financial Literacy Speech Competition (www.fscaspeechcomp.co.za) websites.

Research, Monitoring and Evaluation (M&E)

During 2023, the FSCA commissioned two research topics. The first is a longitudinal study to determine the impact of the National Financial Literacy Speech Competition since its inception in 2016. The study includes interviews with past participants, teachers, and participants' families, as well as quantitative and qualitative analysis of data gathered. The study's results will provide valuable insights for the future implementation of the Competition.

The second, is a feasibility study to determine the viability of using digital platforms to increase financial inclusion through financial education. The study includes fieldwork and testing of digital platforms with focus and control groups, and the development of a Financial Literacy Application prototype. The results will provide the FSCA with a clear understanding of the influence of and use of digital platforms and which specific platforms are most suitable for financial education. The results of both studies are expected in March 2025.

In addition to the feasibility and longitudinal studies, we conducted an independent and internal monitoring and evaluation (M&E) of all consumer financial education activities during this period. A total of eight M&E reports and case studies were completed for projects such as the National Speech Competition, the Money Smart Week, and the Expanded Public Works Programme Workshops.

Resource development

As part of the process to keep consumer education content up to date and relevant to consumers, the FSCA develops resources in multiple formats in line with consumer needs on key financial literacy topics for distribution both in-person and digitally. Printing of resources is done in alignment with project needs and requirements to reduce wastage. All resources are available on the dedicated consumer education website, www.fscamymoney.co.za.

During the review period the Money Smart Week South Africa and the Financial Literacy Speech Competition portals were redeveloped and brought into the FSCA's ICT environment for independent tracking purposes. To increase the distribution and reach of consumer financial education materials, a Financially Smart Content Package, which is an extension of the FSCA's MyMoney Learning Series facilitation programme was developed into multiple content formats. These include a PowerPoint Presentation, Article, Radio Script, Frequently Asked Questions, and infographics. These are accessible by other entities running CFE activities via an official permission request process. Three animated videos were developed to aid consumption and retention of simplified consumer financial education content.

National Financial Literacy Speech Competition

The seventh iteration of the National Financial Literacy Speech Competition was implemented in 2023. The Competition has the following objectives:

- Promoting financial literacy in schools, with a focus on budgeting, savings, investments and consumer rights;
- Creating awareness of the need for financial planning and management;
- Promoting careers in the financial services industry; and
- Encouraging entrepreneurship.

The competition is open to Grade 11 learners, doing the Commercial Stream subjects, from quintile 1, 2 and 3 schools. The 2023 iteration saw the participation of 5 515 learners (3 602 in 2022), and the 2023 National Final was successfully held in Johannesburg on 13 October 2023. The nine provincial winners, their teachers, and provincial education officials from all provinces were transported to the venue and accommodated for two nights.

The top three learners at the final were:

Position	Name	School	Location	Prizes
Winner	Müchinn Jantjies	Hoërskool Oranjezicht	Keimoes, Northern Cape	■ R72 000 investment prize ■ Bursary to the value of R500 000 ■ Tablet and Data
1st runner up	Calado Mabunda	Teto Secondary School	Thabong, Welkom, Free State	■ R54 000 investment prize ■ Bursary to the value of R500 000 ■ Tablet and Data
2nd runner up	Kgaugelo Mafa	Motloboni Combined School	Ga-Matipane, Limpopo	■ R45 000 investment prize ■ Bursary to the value of R500 000 ■ Tablet and Data

It is envisaged that the 2024 edition of the competition will be open to all grade 11 learners, irrespective of the subject stream that they are doing.

Financial Literacy Workshops for Youth Not in educational Institutions, Employment or Training

The Financial Literacy Workshops for Youth Not in Educational Institutions, Employment or Training were successfully conducted in March 2023. Based on the success, the Western Cape Department of Social Development (WCDSD) and Youth facing Non-Governmental Organisations (NGO's) in the Western Cape approved a Train-the-Trainer programme for 26 young people. The purpose of the programme is to have accredited facilitators based at the Youth Café hubs to conduct financial literacy workshops as part of the offerings of the Youth Cafés.

Funding was obtained from the Financial Services Consumer Education Foundation and the Train-the-Trainer programme was conducted from 26 February to 1 March 2024. The 26 learners were taken through the five-day FSCA Financial Literacy Facilitator Course, which is an NQF level 5 accredited course and will provide trainers with ten credits towards the SAQA unit standard US117871. The learners are currently completing their Portfolio of Evidence to complete the course.

Financial Literacy for Students in Tertiary Institutions Project

Following on the successes of the 2020/21 pilot and 2023 iteration of the Financial Literacy for Tertiary Students Project, the Financial Services Consumer Education Foundation (FSCEF) approved funding for the project to be expanded from five to eight Universities in 2024.

The project recognises students' evolving needs by delving deeper into topics such as wealth creation, entrepreneurship, and financial planning for the future. These critical areas were identified as crucial to help students thrive in the ever-changing economic landscape. The eight universities included North-West, Rhodes, Stellenbosch, Limpopo, Johannesburg, Free State, KwaZulu-Natal and Sefako Sefako Makgatho.
In total 4 488 students attended the workshops across all universities.

Central to the project's success is the collaborative approach where the FSCA invites key stakeholders to participate. They include entities such as the National Credit Regulator (NCR), Credit Bureau Association (CBA), the Small Enterprise Development Agency (SEDA) as well as the universities themselves. Through collective efforts and shared expertise, this collaboration ensures that students receive comprehensive and up-to-date information on financial matters. Frequently asked questions from students continue to centre around common financial challenges, such as managing finances on a limited budget, managing debt, and improving credit scores. By providing tailored guidance and support, the project seeks to address these concerns head-on and to empower students to take control of their financial future.

Financial Literacy for the Blind and Partially Sighted Pilot Project

Based on research conducted in 2018 and 2019, the FSCA successfully rolled out a pilot project of 24 workshops to 48 consumers who are blind and partially sighted between October 2022 and February 2023 in Gauteng province. The pilot was conducted in collaboration with the South African Council for the Blind (SANCB) and six facilitators from Optima College, who are also visually impaired.

Enhancing market integrity

Central Clearing

In the Trade Repositories (TRs) area, we received an application for a TR licence from Strate (Pty) Ltd on 16 February 2024 and a Notice of the application was published for comment. We are proceeding with assessing the application against the regulatory requirements.

In the Central Counter Parties (CCPs), JSE Clear started operating as an Independent Clearing House and CCP on 1 January 2024 in terms of its CCP rulebook. JSE Limited's application for 100% shareholding in JSE Clear (Pty) Ltd (JSE Clear) was sent to the Minister of Finance (Minister) for approval in line with the requirements of section 67 of the FMA.

As a result of the greylisting by FATF, the European Union (EU) Commission placed South Africa on the EU list of high-risk countries with strategic deficiencies in its anti-money laundering/countering the financing of terrorism/countering the financing of proliferation (AML/CFT/CFP) regime. The decision by the EU came into effect on 16 July 2023.

As a result of the decision by the EU, the European Securities and Markets Authority (ESMA), with effect from 29 December 2023, withdrew the equivalence of JSE Clear to operate in the EU markets. ESMA's decision was communicated on 28 September 2023 and its implications were, *inter alia*, that JSE Clear's clearing members incorporated in the EU would be required to resign as clearing members of JSE Clear. This derecognition implies that The EU investors, therefore, with exposures in the South African market, through JSE Clear, would be subjected to more onerous regulatory capital requirements. This could potentially negatively impact trading activity in the listed derivatives markets. For the orderly functioning of the markets, ESMA provided for an adaptation period of three months after the withdrawal (28 September 2023) of which the withdrawal of recognition decision would come into effect.

Following Brexit, the Bank of England (BOE) in line with its Temporary Recognition Regime, and having placed reliance on the assessment by ESMA, had previously recognised JSE Clear as an equivalent CCP with permission to provide services to the clearing members based in the United Kingdom (UK). The derecognition by ESMA meant that the BOE had to follow suit and derecognise JSE Clear as an equivalent CCP. However, the BOE determined that JSE Clear may remain in the run-off regime for 15 months to 28 March 2025 from the date that JSE Clear's ESMA recognition is withdrawn.

IOSCO PFMI Assessments for Financial Market Infrastructures

Strate (Pty) Ltd
The assessment on Strate (Pty) Ltd has been completed and the draft report is being taken through the governance structures of the PA and the FSCA, whereafter the Principles of Financial Market Infrastructures (PFMIs) Assessment report on Strate's adherence will be published on the Authorities' websites.

JSE Clear (Pty) Limited (JSE Clear)
The FSCA together with the PA are currently undertaking an assessment of JSE Clear concerning its adherence to the PFMIs.

JSE Limited (JSE)

The FSCA together with the PA are currently undertaking an assessment of JSE post trade services concerning its adherence to the PFMIs.

Supervision work

In the market infrastructure area, an onsite inspection on the affairs of the exchanges was conducted. The review focused on all the operational aspects of the exchanges. The report on the inspection is being finalised.

We will conduct supervisory inspections based on the reviewed priorities identified and documented in the supervisory plan. We will also implement a combination of theme-based inspections and general reviews. The key theme is related to the IT infrastructure of the exchanges.

We have seen an increase in number of exchanges wanting to expand their licences to list and trade additional securities. Predominantly, the applications relate to non-equity securities. Engagements with the JSE to review its listing requirements to address the delisting process are on-going and we expect to receive significant applications from the JSE. Broader issues and challenges will also be considered in the ongoing Financial Markets Act (FMA) review.

According to Sections 4.6 and 6(5) of the Joint Standard 2 of 2020 on margin requirements for non-centrally cleared OTC transactions, all ODPs that intend to apply for the use of the quantitative portfolio margin model (QPMM) for the computation of initial margin requirements and/or the risk-sensitive quantitative model-based haircut (RQMH) approach for the computation of collateral haircuts are required to apply to the PA and the FSCA (the Authorities) for approval. In this regard, the Authorities will again open the application window on 1 September 2023 and will remain open until further notice. This is to allow the ODPs whose applications were previously declined to re-submit. New applications will also be considered.

To mitigate the increased risk associated with the use of non-cash collateral, the Authorities propose to impose relevant risk management requirements on providers wanting to make use of such non-cash collateral. Full details on the proposed risk mitigation protocols are set out in paragraph 3.2 of the Joint Discussion Document, attached to this submission.

The main objective of the draft Joint Discussion Document is to communicate proposals by the Authorities in relation to the expansion of eligible collateral types to include the collateral as referred to in paragraph 6(2) of the Joint Standard and to propose minimum risk management requirements to be implemented by providers wanting to make use of non-cash collateral. The draft Discussion Document will be published for public consultation soon.

A lack of a capital framework for the non-bank ODPs was a finding made by the Financial Sector Assessment Programme (FSAP). Currently, bank ODPs use the stringent Basel framework to calculate capital and a lack of a non-bank ODP capital framework results in an inconsistent methodology for calculating capital. A lack of a capital framework could also result in a migration to the less stringent capital regime.

The Joint Markets Working Group between the PA and the FSCA (under the auspices of the Financial Markets Implementation Committee (FMIC)) initiated a dialogue with the PA Risk, Policy, Capital, and Accounting areas. The purpose is establishing a project toward the implementation of a capital framework for these entities. A reporting framework for non-bank ODPs will be established initially. It will be important to build up the requirements and pull relevant components of the Basel framework, and more specifically, consider the specific business and operating models of these non-bank ODPs.

A smaller working group was established between the FSCA and PA and spent two weeks unpacking the different business models of the non-bank ODPs, especially where they are part of a larger group. The team is currently looking into a research project to see how other jurisdictions are dealing with this specific issue. The department has conducted onsite inspections for ABSA ODP, Standard Bank SA ODP, JP Morgan ODP and Cargill ODP. The inspections focused primarily on assessing risk management processes, procedures, and controls currently in place for monitoring and ensuring compliance with the requirements of the FMA Conduct Standard 2 of 2018 to portfolio compression, portfolio reconciliation and demonstration of a trade full life cycle. The department has scheduled onsite inspections for SCM(DMA) ODP, Bank of China ODP, State of India ODP and Goldmans Sachs ODP.

Financial Markets Act Review

During the year under review, the FSCA, National Treasury (NT), PA, SARB and National Payment System Department (NPSD) have been participating in the FMA review process. The workgroup, led by NT, has circulated a draft Bill to all the regulators for comment and the Authority is in the process of submitting a comments matrix to the NT.

The lack of a simplified process for secondary listed securities already listed on another exchange, particularly to avoid dual regulation as well as the lack of alternative trading platforms to compete against exchanges for trading securities (including listed securities) continues, proved to be a challenge requiring attention. Ongoing amendments to the FMA have included the need for alternative trading venues and simplified requirements for issuers and authorised users operating across multiple trading venues.

OTC derivative providers

We continued with our onsite supervisory inspection programme and have, since the last report, conducted onsite inspections on the following ODPs:

- Investec Bank ODP (6 December 2023)
- RocketX ODP (6 March 2024)
- Scope Markets ODP (13 March 2024)
- China Construction Bank ODP (20 March 2024)
- FirstWorld Trader ODP (26 March 2024)

The inspections focused primarily on assessing risk management processes, procedures, and controls that the ODPs have in place for monitoring and ensuring compliance with the requirements of the FMA Conduct Standard 2 of 2018 to portfolio compression, portfolio reconciliation and safeguarding of collateral. Further, the inspections also focused on financial soundness and demonstration of a trade full life cycle. While there were no material findings against the inspected ODPs, the department noted the following areas of concern:

- Generally high levels of leverage ratio in comparison to other jurisdictions.
- Unfair treatment of interest on client accounts' positive balances.
- Lack of adequate succession planning.
- Lack of independence of the controlling body.
- Inappropriate composition of the Controlling Body's Audit Committee.
- Lack of proactive alerts sent to clients to notify them of margin account refunding.

We will continue engaging the ODPs to address the identified areas of concern. We will also be engaging the industry specifically on the issue of leverage ratio as this is an industry-wide risk issue.

Market communication and guidance

We have participated in various structures to develop policies to enhance compliance with our regulatory requirements.

- *Development of a Roadmap for implementing a central clearing framework in South Africa*; Regulation 4(1) of the FMA Regulations empowers the FSCA, with the concurrence of the PA, to determine eligibility criteria for OTC derivative transactions to be subject to mandatory central clearing, and to develop additional mandatory clearing requirements applicable to other categories of OTC derivative transactions, as may be necessary. The Authorities aim to publish a joint discussion document to the industry to solicit comments on the proposals by the Authorities in the financial year 2024/25.

- *Development of an equivalence framework for external trade repositories, external central counterparties and external central securities depositories:* In terms of the FMA, an external TR or external CCP may apply to be licensed as such or apply for an exemption from the provisions of a section of the FMA, including the requirement to be licensed. As a prerequisite for an external TR or external CCP to be licensed, or for an external market infrastructure to apply for an exemption from the provisions of a section of the FMA, or for an external Central Securities Depository (CSD) to be a participant in a domestic CSD. Such external market infrastructure must be based in an equivalent jurisdiction. The FSCA, on 25 September 2023, published the draft equivalence framework and the draft determination requirements for public comment and the comment period ran until 20 November 2023. The PA and the FSCA finalised the draft joint exemption criteria and have also published it for comment on 1 November 2023 and was out for comment until 30 November 2023. The period for commentary was extended until end of December 2023, and the Authority is in the process of finalising the comments matrix.

- *Development of a Conduct Standard for Market Infrastructures:* The introduction of competition among market infrastructures, for example, exchanges listing common securities and admitting common authorised users and multiple central securities depositories wanting to operate in South Africa has led to competition. Global and local competitiveness of local markets is one of the objectives of the FMA. The lack of cooperation and interoperability between market infrastructures is causing the new entrants to struggle to comply with their licence conditions as well as to be sustainable in a demanding environment, which is also dominated by a few, if not, one large player. To address the issues of market fragmentation and interoperability, the FSCA has amended the previous draft Conduct Standard for Exchanges and expanded the scope to include other market infrastructures. The draft Conduct Standard sets out requirements for market infrastructures' rules and general requirements when entering into cooperative arrangements with other market infrastructures and aligns with the IOSCO Principles for PFMIs. The draft was published in the second quarter of 2024 for comment.

- *Development of a Joint Standard for Financial Market Infrastructures Recovery Plans:* The Authorities endeavor to publish the draft Joint Standard and the draft joint guidance notice for public consultation in 2024.

- *Development of a draft Conduct Standard on Short Selling:* Currently, the regulatory framework in South Africa does not prescribe requirements for the reporting and disclosure of short sales on the trading platforms of licensed exchanges. Greater disclosure will help deter market abuse and reduce the risk of disorderly markets posed by short sales. In addition, a regulatory framework will provide early warning signs of a build-up of large short positions, thereby alerting the Authorities to potential market abuse or emerging systemic risks. The FSCA published the draft Conduct Standard on 31 March 2023 for public comment. The comment period ended on 17 May 2023 and the FSCA is in the process of working through the comments received. The FSCA will communicate if it decides to publish for a second round of public consultation after the necessary changes have been made to the draft. Alternatively, the Standard will be taken to Parliament to be made final.

- *Development of a Conduct Standard stipulating requirements* for Securities Financing Transactions (SFT) Participants engaging in SFTs: Securities financing activities by market participants, including asset managers and fund managers, can cause financial stability risks. The increasing need for the protection of investors and consumers of financial products necessitates the need for formal regulation of securities financing activities in the South African markets as it is currently unregulated. As a first phase, the Conduct Standard will be limited to listed securities only. A draft was shared with colleagues from the World Bank and is now being reviewed internally before it is published for comment.

We conducted two cross-cutting thematic reviews and approaches for the regulated persons, namely ESG and combined divisional approach to corporate governance. These reviews assess the state of ESG considerations by such an entity. The reviews further intended to determine the corporate governance frameworks and practices of Credit Rating Agencies, Market Infrastructures and ODPs in line with the current requirements in the various sectoral laws and the requirements of the King Code on Corporate Governance.

In July 2023, we partially exempted GCR Ratings from the payment of the financial sector levy specified in Schedules 2 to 5 of the Financial Sector and Deposit Insurance Levies Act, 2022 in respect of the 2023/2024 levy year.

In March 2024, we approved the application of Fitch Ratings Limited ("Fitch Ratings") for a further exemption from Section 3(2) and certain regulated persons from Section 4(1) of the CRS Act for three years ending April 2027. The exemption from Section 2(3) of the CRS Act, permits Fitch Ratings to perform credit rating services relating to the issuing of sovereign ratings and further entails that regulated persons may use sovereign ratings published by Fitch Ratings during the period of exemption for regulatory purposes as contemplated in Section 4(1) of the CRS Act.

In February 2024, we received an application for registration as a CRA in terms of Section 5 of the CRS Act from CARE Ratings South Africa (Pty) Limited ("CARE Ratings"). Under Section 5(4) of the CRS Act, we published a notice of receipt of an application for registration, requesting an objection to the application. There were no objections after the mandated 15 days.

.

We are also in the process of developing a licensing framework for the provision of a benchmark, and the development of an information request to the industry. These will assist in obtaining further information on which current indices and benchmarks are being used in SA, to understand the impact of the proposed regulatory framework on the sector. The consultation process on the second draft of the Conduct Standard and the finalisation of the Consultation report have been placed in abeyance pending the submission of input from the discussion document/information request and licensing framework. The FSCA published the discussion document on 3 November 2023.

Implementing a robust regulatory framework

The FSCA continues to play a substantial supportive role in assisting National Treasury to progress important pieces of primary legislation such as the Conduct of Financial Institutions (COFI) Bill and the Financial Markets Act Review. The FSCA also continued to review its regulatory frameworks to ensure they remain robust, effective, aligned with international standards and support and enable the FSCA to fulfil its legislated objectives and functions. The review and prioritisation of strategic regulatory framework initiatives were set out in the 2023 FSCA Three-Year Regulation Plan (April 2023 – March 2026) (2023 Regulation Plan) which was published on 30 June 2023.

Harmonisation and transitioning to the COFI Bill: The COFI Bill transition project, as explained in the 2023 Regulation Plan, progressed well during the reporting period. The initial cross-sector-themed-based legal frameworks have been developed and will undergo further refinement during 2024. The FSCA also continued work in developing an approach to transition the existing financial sector laws into the COFI Bill framework, once effective, to ensure the COFI Bill transition occurs effectively and with minimum disruption.

Cross-cutting developments: Various regulatory framework developments cutting across the sector as a whole progressed during the reporting period. These developments focused on improving the culture and corporate governance of financial institutions, improving the standard of consumer education, and ensuring financial institutions appropriately manage operational risk, specifically in the IT context, to ensure the sustainability of financial institutions and to mitigate risks to financial customers brought about by, for example, insufficient cyber security and resilience. Cross-cutting regulatory framework developments include: Joint Standard – Culture and Governance; draft Conduct Standard – Providing Financial Consumer Education Initiatives); Joint Standard – Cyber Security and Resilience Requirements; and Joint Standard – IT Risk Governance and Management. The Joint Standard relating to IT risk governance and management was finalised and is now law. The Joint Standard relating to cyber security and resilience was submitted to Parliament and will be finalised soon.

Financial markets: Various regulatory framework developments in the financial markets environment progressed during the reporting period. These developments focused on ensuring the efficiency and integrity of financial markets, supporting competition in a multiple-exchange environment, ensuring appropriate recovery of market infrastructures and transparency in financial markets. The financial markets regulatory framework developments include the implementation of the Joint Roadmap for Development of a Regulatory Framework for Central Clearing in South Africa; the draft of Joint Standard Recovery Plans for Market Infrastructures; Conduct Standard for Benchmarks; the draft Conduct Standard for Market Infrastructures; the draft Conduct Standard - Reporting and Public Disclosure Requirements concerning Short Sales; Conduct Standard surrounding Securities Financing Transactions; and Amendment to Joint Standard 2 of 2020 – Margin Requirements. The Amendments to the margin requirements Joint Standard was finalised and is now law.

Collective Investment Schemes: Various regulatory framework developments in the collective investment scheme environment progressed during the reporting period. These developments focused on ensuring that collective investment scheme portfolios are managed responsibly in the interest of financial customers and that the CIS framework aligns with international standards. CIS regulatory framework developments include Interim amendments to BN90, Holistic review and amendment of BN90 of 2014[1] and BN 52 of 2015[2]; Enhanced regulation for CIS's (focusing on recommendations emanating from the Financial Sector Assessment Programme); Amendments to Board Notice 257 of 2013; Development of a CIS accounting framework; Review of Pro-forma Deed for CIS; and Suspensions and other Liquidity Management Options for CIS, including the review of Board Notice 573 of 2003. Work on all of these legislative developments progressed well during the reporting period and various publications were made.

Insurance: The Joint Standard on outsourcing by insurers was submitted to Parliament during the reporting period and will be finalised soon.

Retirement funds: Various regulatory framework developments in the retirement fund environment progressed during the reporting period. These developments focused on ensuring the protection of fund members and that retirement fund monies are invested responsibly. Draft Conduct Standard – Conditions for Living Annuities in an Annuity Strategy; Draft Conduct Standard – Communication of Benefit Projections to Members of Pension Funds; Draft Conduct Standard – Conditions for Investment in Derivative Instruments for Pension Funds; Draft

1 Securities that may be included in a CIS in Securities and the manner of such inclusion.
2 Requirements for hedge funds.

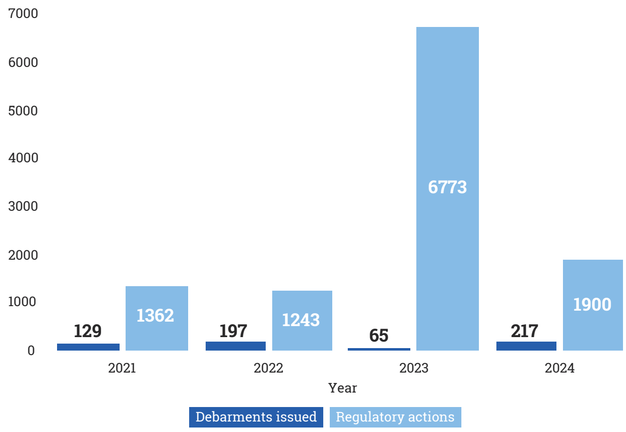
Prudential Standard – Financial Statements and Regulatory Reporting Requirements; draft Prudential Standard – Regulation 28 Reporting Requirements; and draft Conduct Standard – Conditions for pension fund benefit administrators. The Conduct Standard relating to conditions for investment in derivative instruments was finalised and is now law. The Prudential Standard on Regulation 28 reporting requirements was submitted to Parliament during the reporting period and will be finalised soon.

As at 31 March 2024, we opened 518 new investigation cases, finalised 371 and have 426 ongoing cases. The majority of the investigation cases relate to unauthorised FAIS and insurance business. Enforcement actions taken totalled 60, which included 19 administrative actions, 7 debarment orders and 34 enforceable undertakings. The majority of the enforceable undertakings relate to unregistered insurance, and most of the debarments involved dishonest conduct.

Enforcement

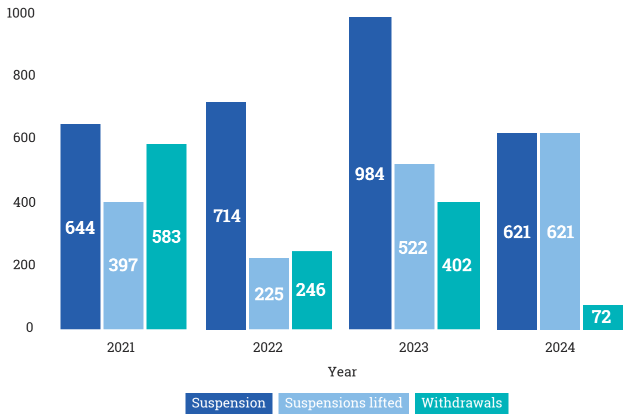
Our approach is to ensure visible, meaningful and procedurally fair action against those who pose a risk to the fair treatment of financial customers and the efficiency and integrity of the financial system. This robust enforcement approach boosts our ability to protect financial customers and diligently pursue transparent and effective administrative action against offenders.

The figure below provides the number of enforcement actions taken during the period under review in line with FSR.




Gerhard Van Deventer, Divisional Executive at our event

During 2022/23, we opened 667 cases and ended the year with 207 ongoing investigations. Enforcement actions taken included 1 900 regulatory actions, and 217 debarment orders.



621 licences were suspended. The majority of the suspensions and withdrawals relate to non-submission of statutory returns and/or non-payment of levies, while most of the debarments involved dishonest conduct. R923 230 068 in administrative penalties was imposed on 19 investigated parties, which includes one leniency agreement. Of the total administrative penalty, R475 million was issued against Mr Markus Jooste. Most of the administrative penalties imposed relate to non-compliance with the FAIS Act.

During the reporting period, we collaborated on four matters with international counterparts in terms of bi-lateral and multi-lateral MoUs. In addition, we also collaborated with one domestic enforcement agency.

Procurement

Our procurement process is governed by the Constitution, Supply Chain Management Policy, Public Finance Management Act, No 1 of 1999, Preferential Procurement Policy Framework of 2000, Preferential Procurement Regulations, 2022 and the Treasury Regulations. The procurement process achieves value for money for our stakeholders. During 2023/24, 26 competitive bidding procurements were conducted with a total procurement spend of R438 million.

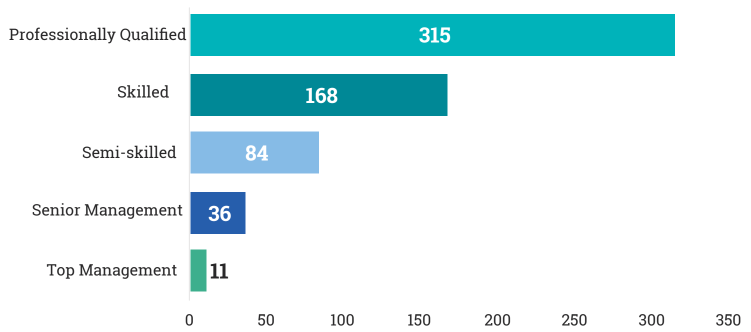
Corruption risks are mitigated through competitive bidding, which enables maximum participation by bidders and provides equal opportunity to all potential suppliers. In promoting transparency, we submitted our annual and quarterly procurement plans to National Treasury in line with our policy. In addition, we published an invitation to submit bids on our website. We published on our website – within ten working days of the date of the bid award – the name of the successful bidder and the price of the contract.

Developing our human capital

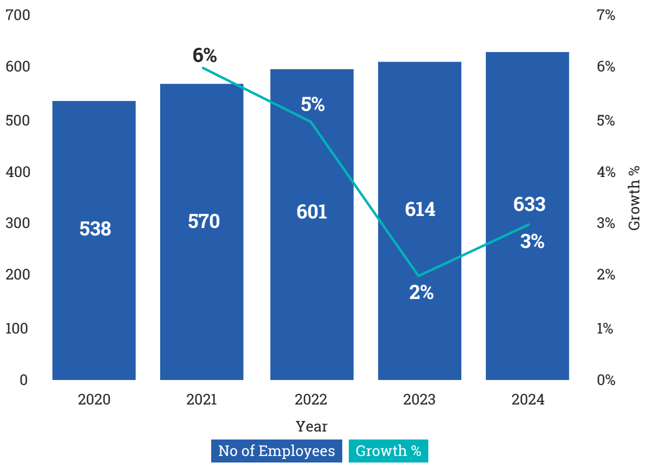
Our ability to execute our mandate depends on the ability to attract, develop, and retain competent employees. For this reason, we remain committed to providing a conducive working environment to our workforce. We have established a talent council to ensure the implementation of a talent management strategy. Our concerted efforts to develop a capable workforce are at the core of our human resources policy.

Composition of employees in terms of gender and race

Occupational Level	Band	African		Indian		Coloured		White		M	F	Total
		M	F	M	F	M	F	M	F			
Top Management	A	4	3	0	1	0	0	1	2	5	6	11
Senior Management	B	8	11	2	1	1	3	4	5	15	20	35
Professionally qualified and experienced specialists and mid-management	C	146	126	2	9	5	8	13	28	166	171	337
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	D	76	78	2	1	3	7	2	2	83	88	171
Semi-skilled and discretionary decision-making	E	29	36	0	2	1	6	0	5	30	49	79
Total	**-**	**263**	**254**	**6**	**14**	**10**	**24**	**20**	**42**	**299**	**334**	**633**
Total headcount in %	-	82		3		5		10		47	53	-
EE targets in %	-	80		3		8		9		50	50	-
Variance from EE targets	-	2		0		-3		1		-3	3	-



Number of employees



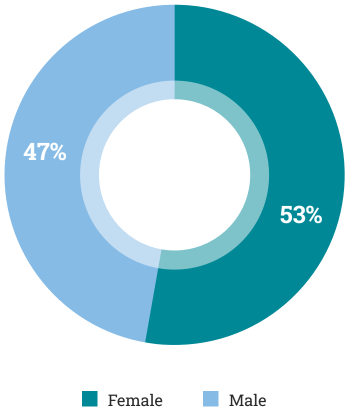
Aligned with our strategic goal of fortifying a capable institution, our workforce witnessed a 3% growth, rising from 614 to 633 employees. This expansion signifies our commitment to ensuring sufficient capacity to address the diverse demands of our stakeholders effectively. Additionally, it underscores our dedication to fostering organisational resilience and agility.

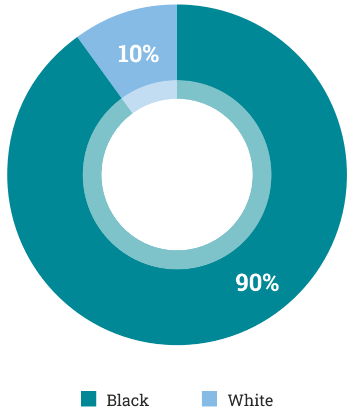
Colleagues at our employees awards Ceremony

Turnover

A total of 50 employees were terminated during this period. However, we continue to evolve and adapt. We remain steadfast in our endeavours to cultivate a workforce that is not only proficient, but also aligned with our strategic imperatives, ensuring sustainability in our growth and excellence in our service delivery.

	Turnover rate
2024	7.9%
2023	7.6%
2022	5.6%





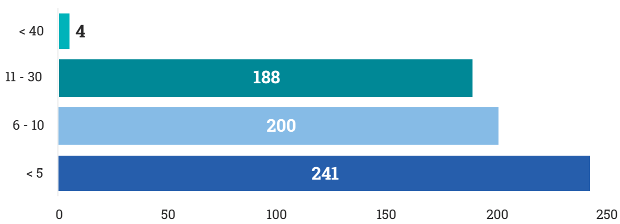
The FSCA is dedicated to fostering fair and non-discriminatory employment practices and policies, with a steadfast commitment to identifying and eradicating any instances of unfair discrimination. To gauge our progress towards realising our Employment Equity objectives, the HR Department consistently delivered quarterly updates to the Executive Committee, management, and employees.

Our efforts in promoting gender representativity have resulted in a stable composition, with females comprising 53% and males 47% of our workforce.

However, while strides have been made in achieving our race diversity targets, particularly in most demographic groups, we acknowledge a shortfall in meeting the targets for the Coloured demographic group during the period under review.

Moving forward, we remain resolute in our dedication to fostering an inclusive and diverse workplace, where every individual is afforded equal opportunities for growth and advancement, irrespective of gender, race, or any other characteristic.

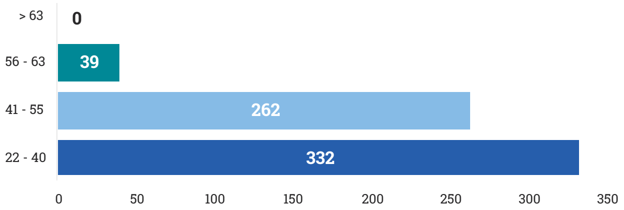
Tenure



In our commitment to maintaining a strong and experienced workforce, we consistently value the contributions of our long-serving employees. Their wealth of experience and organisational knowledge plays a crucial role in our ability to effectively fulfil our mandate. To acknowledge and appreciate their dedication, we provide long-service awards to employees who reach specific milestones of service.

During the reporting period, a total of R894 000 was allocated for long-service awards, benefiting 85 employees who have demonstrated their commitment to the FSCA for a minimum tenure ranging from five to 25 years. This investment not only recognises their tenure but also reinforces our appreciation for their ongoing contributions to our organisation’s success

Age profile



Investment in employees

The FSCA is committed to developing and empowering its employees. To this effect, 38 training interventions were scheduled during the period under review. 665 employees attended the scheduled interventions, including interns and fixed-term contractors. This number includes employees trained in the Performance Management module as part of embracing the HR automation journey. Furthermore, 96 employees were funded to study further. A total cost of R 3 420 673 was invested in employees' formal education

Internships and bursary programmes

Senior Leadership Development Programmes
The FSCA continues to implement leadership development programmes to strengthen its leadership pipeline.15 employees participated in the Senior Leadership Development Programme pitched at the National Qualification Framework (NQF 8). Parallel to this, executive coaching is offered on an ongoing basis. The executive coaching is tailored to meet the incumbents' personal development goals. Additionally, mentorship training has been delivered to equip managers and specialists with tools to effectively mentor others, particularly mentoring young talent within its ranks.

Global Executive Development Programme
Three Departmental Heads participated in the Global Executive programme to shape their leadership narrative. The programme included a study tour to two identified countries to learn best practices. Lots of leadership insights were gained in these various leadership development programmes.

Top Employer certification

We have being certified as a Top Employer for 2024 by the Top Employers Institute. This recognition demonstrates the organisation's commitment to creating an inclusive, supportive, and high-performing work environment.

Pipeline Development Programmes

Internship and Bursaries
During the period under review, 26 unemployed graduates were offered an opportunity to participate in the internship programme. The gender split was 54% males and 46% females. For the preceding year, 25 interns were recruited and 84% absorption rate was realised.

Concerning the bursary programme, the FSCA offers bursaries to deserving students from previously disadvantaged groups to study for qualifications deemed to be relevant and critical. The bursary covers direct and indirect study-related costs. In this regard, one deserving Black male was awarded a bursary to study BSc Actuarial Sciences at the University of Witwatersrand from 2022 to 2024. The FSCA will permanently appoint the bursary holder after the completion of his studies.

Furthermore, the FSCA has awarded bursaries to two students with disabilities in line with its diversity and Inclusion strategy. The bursary holders are in their second and third year of study respectively. Both bursary holders are visually impaired.

Employee wellness

We continued providing initiatives geared at enhancing awareness and encouraging proactive health management by staff.

Leveraging our intellectual capital

Our operational efficiency and mandate fulfilment rely heavily on our ICT infrastructure, which also serves as the backbone for gathering essential information to leap the organisation forward. Continuously enhancing our intellectual capital remains a top priority. Our overarching goal is to become a modern organisation that adeptly utilises technology to proactively respond to emergaing risks and opportunities. To achieve this, we've adopted a data-driven digital strategy, bolstered by new information, cybersecurity, and cloud strategies. In pursuit of optimal performance, our 2023/24 strategic targets emphasise infrastructure modernisation, seamless integration, ongoing upskilling, training initiatives, and ICT workforce transformation.

Information security

As a regulator, we confront the formidable challenges posed by the ever-evolving cybersecurity landscape. To address this, we developed an approved cybersecurity strategy, accompanied by various initiatives aimed at enhancing our resilience. Adhering to King IV principles, we've established a robust technology and information management framework. This framework ensures that our ICT security continuously monitors the cyber-threat landscape and safeguards our information assets' confidentiality, integrity, and availability. Our security programme's maturity evolves under regulatory mandates, industry best practices, and benchmarks. Furthermore, our ICT strategy guides technology transformation, management, and addresses information and cybersecurity risks. Within this framework, enterprise architecture serves as a vital strategic entity, offering technical counsel to the Chief Information Officer by identifying, assessing, and advocating innovative technological solutions for adoption.

In our organisation, monitoring ICT performance is a multifaceted endeavour that encompasses several critical components. Our ICT security operations centre (SOC) capabilities stand at the forefront, ensuring constant vigilance against emerging cyber threats. With a modernised infrastructure equipped with advanced monitoring capabilities, we can oversee technology and system performance in real-time. To bolster our defences, we've made significant investments in security software and hardware, empowering our systems to detect and respond swiftly to potential breaches. Moreover, ongoing training initiatives ensure that our personnel remain adept at navigating evolving cybersecurity challenges. In addition to proactive measures, we conduct regular cybersecurity incident simulations and maintain robust disaster recovery protocols. These practices not only fortify our resilience, but also provide invaluable insights into refining our response strategies.

Recognising the evolving landscape of work, we've embraced hybrid working environment tools such as Microsoft Teams. However, alongside these conveniences, we prioritise data security by implementing stringent safeguards to protect sensitive information across digital platforms. Central to our efforts is the overarching aim of our digital transformation strategy. By investing in an Integrated Regulatory Solution, we seek to standardise and enhance our operational processes, thereby fulfilling our regulatory mandate more effectively. This strategic initiative enables us to streamline workflows, leverage data insights, and adapt swiftly to regulatory changes, ultimately advancing our organisational objectives in a rapidly evolving digital landscape. As part of our digital transformation strategy, we implemented Enterprise Resource Planning (ERP) and Customer Relationship Management (CRM) solutions.

These implementations serve as pivotal components in our quest to enhance operational efficiencies across the organisation. The ERP software integrates various core business functions, such as finance, human resources, and supply chain management, into a unified platform. By centralising data and processes, ERP streamlines operations, minimises redundancies, and facilitates informed decision-making at every level. Simultaneously, the CRM software enables us to cultivate stronger relationships with our stakeholders by centralising customer data and interactions. With a comprehensive view of customer interactions across multiple touchpoints, we can personalise engagements, anticipate needs, and optimise service delivery.

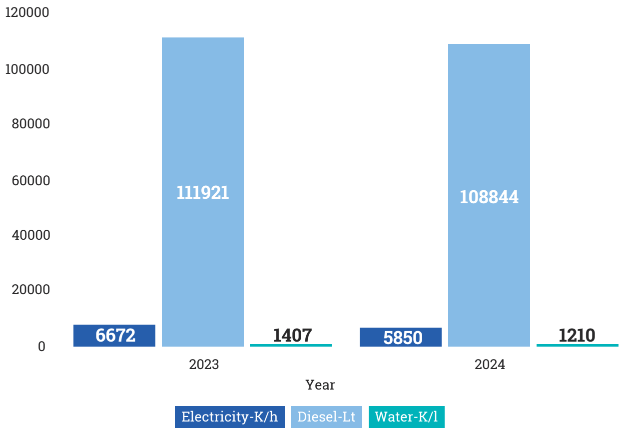
Together, these software solutions not only optimise internal processes, but they also enhance our ability to deliver value to our stakeholders. They serve as foundational pillars in our digital transformation journey, empowering us to operate more efficiently, adapt swiftly to changes, and to drive sustainable growth.

Protecting our natural and manufacturing capital

Our manufacturing capital enables us to provide a safe, healthy work environment. We prudently maintain our assets to operate safely, reliably and efficiently. We consume natural resources efficiently to minimise over-exploitation that could damage the environment. We monitor our operations' environmental impact constantly, reducing electricity and water consumption during the year under review.

Water and electricity usage

Diesel, electricity and water usage



During the year under review, we implemented a real-time utility system to track electricity consumption through smart meters. This enables us to collect, analyse data and implement corrective actions to contribute towards energy efficiency. In addition, motion sensors were installed in identified office areas as part of an energy-saving initiative. These initiatives not only helped to reduce energy consumption by 14% but to also improve its operational efficiency and reduce costs.

We continue to promote responsible water usage, monitor water consumption, and detect and repair leaks. The buildings have hydroboils that provide instant warm water, water coolers and sensor-activated restroom taps. These water conservation efforts have resulted in a 16% reduction in water usage during the year under review.

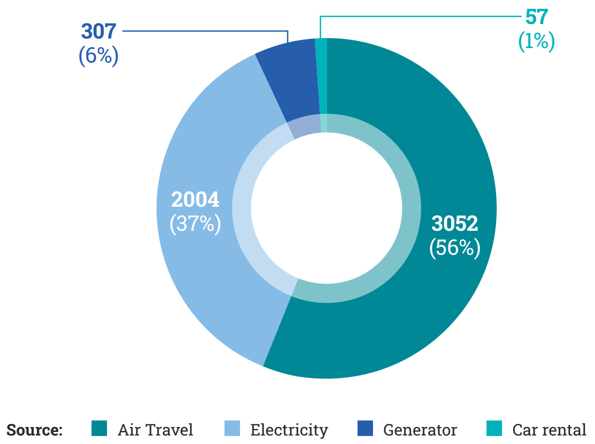
Fuel consumption

At the FSCA, our operations consume non-renewable resources, and our emissions and waste harm natural capitals. 108 844 litres of fuel were utilised, representing a decrease of 3%. In terms of paper usage, we continue to leverage technology through implementing the digital strategy to modernise our processes. This resulted in reduced paper usage by 36% during the period under review.

Environmental protection

We have undertaken various initiatives to protect against environmental overload in line with the objectives of the NDP and SDGs. Some meaningful activities implemented include shredding and recycling glass, plastic and paper. In addition, we have put in place measures to ensure the safe disposal of batteries and light bulbs. Printer cartridges are also recycled through a service provider.

Total CO_2 emissions (t) by source



To contribute to government's commitment to reducing carbon intensity to less than 45% by 2030 and achieving net-zero carbon emissions by 2070, we began to disclose emissions from electricity, energy and travel. We will continue to identify areas to achieve a reduction in carbon emissions.

Recycling reduces the volume of waste sent to landfills, effectively minimising pollution and conserving valuable land space. Individual recycling bins are available on all floors for the collection of non-hazardous waste (paper and plastic). Reducing the use of paper is one of the key environmental targets of the FSCA. We aim to progressively reduce our paper-based processes and become paperless. This will not only reduce our carbon footprint but will also contribute to saving time and resources. We have procured the services of a company that ensures the secure onsite destruction of our paper-based documentation, which champions sustainability through responsible recycling.

.

Environmental compliance

Compliance with all environmental laws, regulations and standards is non-negotiable. In this regard, we continue to ensure that all generated waste is disposed of in a socially responsible and environmentally safe manner. Also, hazardous and non-hazardous waste is carefully handled to enable appropriate disposal, or recycling, where necessary.

Regarding the Occupational Health Service Act (OHSA) and Regulations, the FSCA must ensure and maintain a safe working environment for employees. The provision of a healthy workplace remains a focus area for the FSCA. We contracted the National Occupational Safety Association (NOSA) in 2019 to render OHS audits in terms of compliance and governance at the FSCA to reiterate our commitment to providing a healthy and safe environment to all our stakeholders.

We continued to place a specific focus on statutory appointments, committee compliance, ongoing inspections, training, and induction of all new employees. Additionally, we consistently issued quarterly OHS awareness communications to our employees to enhance compliance. Finally, we conducted two evacuation drills during the year under review to improve our emergency management capacity. This assisted in helping the employees to understand their responsibilities in an emergency better.

During the year under review, improvements amounting to R4.2 million were made to our manufacturing capital. These include the acquisition of computer equipment, leasehold improvements and furniture. These improvements ensure that our manufactured capital is optimally maintained by acquiring fit-for-purpose tools to assist us in executing our mandate.

Part G

Value creating governance

In this chapter

- Governance committees
- Who leads us
- Remuneration review

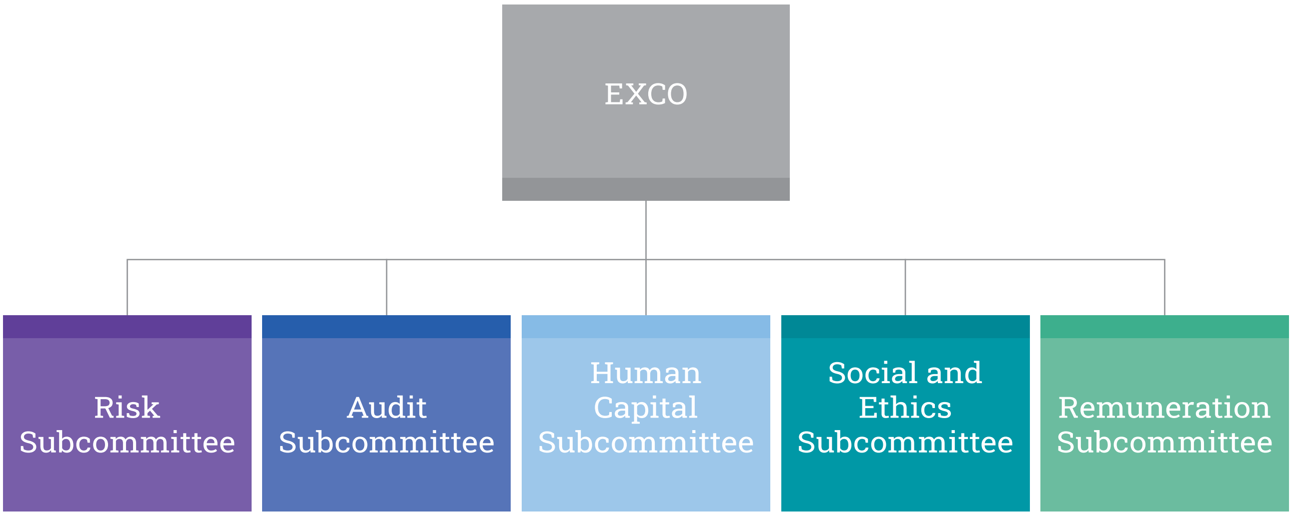
Introduction

The FSR Act requires the Director-General of the National Treasury to establish oversight remuneration and risk Subcommittees. In addition, one or more Subcommittees may be established with functions determined by Exco.

We have established audit, remuneration, risk, human capital, social and ethics Subcommittee to review, monitor and advise on reports from management and make recommendations to Exco.

These Subcommittees also monitor governance standards and assure stakeholders that our business operations are conducted ethically, within prudent risk parameters and in line with best practice.

Governance committees and key activities



Audit Subcommittee

As prescribed by the PFMA, an independent Audit Subcommittee was established comprising five external members. The committee provides oversight over financial reporting, internal financial controls, internal and external audits, compliance with legislation and financial risk management.

Key activities of the Audit Subcommittee during 2023/24 were as follows:

- Reviewed the effectiveness of the entity's internal financial control systems, including receiving assurance from management and internal and external audits.
- Evaluated the independence, effectiveness and performance of the finance department function and compliance with its mandate, including the external auditors.
- Reviewed significant issues raised by the internal and external audit process, including how they were resolved.
- Reviewed the policies and procedures to ensure compliance with applicable laws and regulations.
- Reviewed and recommended the internal audit charter for approval by Exco.
- Evaluated the external audit function's independence, effectiveness, performance, and compliance with its mandate.
- Reviewed and recommended the 2024–2025 Mid-Term Expenditure Framework, 2024-2025 Budget and Materiality and Significant Framework.
- Reviewed and recommended the annual financial statements and annual performance report for the year ended 31 March 2024.
- Reviewed bi-annual combined assurance reports.
- Reviewed and approved the AC Report for the year ended 31 March 2024.

The Subcommittee concurs and accepts the audit opinion expressed by AGSA on the annual financial statements and annual performance information.

Membership and attendance of the Audit Subcommittee during 2023/24 were as follows:

The Subcommittee consists of independent members with relevant qualifications and experience in financial matters to fulfil their duties. The Commissioner, the Chief Financial Officer, the Chief Information Officer and the Chief Risk Officer are permanent invitees to Subcommittee meetings, while the external and internal auditors attend by invitation. The internal and external auditors have unrestricted access to the Subcommittee. The Subcommittee met seven times during the year under review.

The Subcommittee certifies that it has adopted formal terms of reference as its Audit Subcommittee Charter, that it has managed its business in accordance with this charter, and that it has discharged all of its responsibilities as stated in the charter.

Member	Qualifications	Appointment date	Total meetings	Attendance (%)
Mr Nico Esterhuizen – Chairperson	MSc MPhil FCCA ACA CIA	13 September 2021	7/7	100%
Ms Jabu Mogadime	BA; MBA; Dip Marketing (Cim)	1 April 2018	7/7	100%
Ms Precious Mvulane	BCom (Honours); CA(SA); Diploma in Auditing	1 November 2020	5/7	71%
Ms Lebogang Senne	BCom (Honours); CA(SA); Diploma in General Management, MBA	13 September 2021	7/7	100%
Prof Tania Ajam	PhD (Public Management); MA; BA (Honours) Economics; M Bus; B BusSc	1 July 2023	7/7	100%

Remuneration Subcommittee

The Remuneration Subcommittee reviews, monitors and advises Exco on the FSCA remuneration policy. The Director-General appoints members who are external and independent of the FSCA. The Subcommittee has standard terms of reference, approved by the Director-General, detailing its roles and responsibilities. These are reviewed every two years in line with best practice. The Director-General appoints external and independent members of the FSCA. The subcommittee met four times during the year.

Key activities of the Remuneration Subcommittee during 2022/23 were as follows:

- Reviewed and advised on the remuneration aspects and discretionary incentives.
- Reviewed and recommended staff promotions and structural adjustments to the Exco, which were ultimately approved.
- Reviewed and advised on the Remuneration policies and procedures.
- Considered salary increases and market trends surveys.
- Considered the retirement benefit report and performance report (year-end).
- Reviewed and recommended salary increases and performance bonuses to Exco for approval.
- Evaluated and recommended the employee budget (salaries, bonus, incentives) to Exco.
- Approved the remuneration statement for the annual report.
- Conducted committee evaluations.
- Reviewed the Committee's ToR.

Membership and attendance of the Remuneration Subcommittee during 2023/24 were as follows:

Member	Qualifications	Appointment date	Total meetings	Attendance (%)
Ms Lerato Molebatsi Chairperson	BA (Psychology), Senior Executive Program, Post Graduate Diploma: Rural Development & Management and Senior Management Development Program	1 August 2020	3/4	75%
Prof Philippus Sutherland -	BCom LLB (Cum Laude), PhD	1 August 2020	4/4	100%
Ms Tracy Randall	BCompt (Accounting & Auditing), Secretarial Diploma	1 August 2020	4/4	100%
Ms Vanisha Balgobind	BAdmin (Honours – Industrial Psychology); Masters (Industrial Psychology); MBL	1 August 2020	3/4	75%
Mr Elvis Thapelo Kharametsane	LLB, Certificate in Legislative Drafting, Regulatory Examination (1) Certificate.	1 July 2023	4/4	100%

Risk Subcommittee

The Subcommittee reviews, monitors and advises on the effectiveness of internal control to manage risks faced by the FSCA. The Director-General appoints members who are external and independent of the FSCA. The Subcommittee has a standard term of reference, approved by the Director-General, detailing its roles and responsibilities. These are reviewed annually in line with best practice. The Subcommittee met four times during the year.

Key activities of the Risk Subcommittee during 2023/24 were as follows:

- Reviewed and advised on the risk management policies, framework, strategy and practices.
- Reviewed and advised on opportunities or risks impacting our ability to achieve the organisational objectives and functions.
- Reviewed the design, implementation and monitoring of appropriate risk responses, including strategic risk reports, emerging risks, ICT security risk updates, litigation risks, compliance risk updates, the regulatory universe, whistleblowing reports, loss events, and insurance claims.
- Reviewed the business continuity framework.
- Reviewed the risk integration and embedding of risk management in business activities.
- Reviewed the management report about sustainability, litigation, ICT, licensing and retirement funds risks.
- Reviewed and recommended insurance policies of the organisation for approval by Exco.
- Reviewed and advised on the insurance portfolio renewal and how to address insufficient cover options.

The members of the Risk Subcommittee, together with their qualifications and attendance record, are listed below.

Member	Qualifications	Appointment date	Total meetings	Attendance (%)
Professor Tania Ajam Chairperson	PhD (Public Management); MA; BA (Honours) Economics; M Bus; B BusSc	1 August 2020	4/4	100%
Adv Stephen Malatji	BA; LLB; Advanced Diploma in Banking, Financial Management and Investments; Postgraduate Diploma in Drafting and Interpretation	1 August 2020 to 30 June 2023	1/1	100%
Mr Peter Koch	MSc (Industrial Relations and Human Resources Management); BA (Philosophy, Politics and Economics); Postgraduate Diploma (Accounting); BCom (Honours); B BusSci (Honours); CA(SA)	1 August 2020 to 31 July 2023	1/1	100%
Adv. Veronique Barthus	BA, LLB (Adv SA)	1 July 2023	3/3	100%
Mr Nico Esterhuizen	MSc MPhil FCCA ACA CIA	13 September 2021	4/4	100%
Mr Luyanda Ntuane	B Comm, PGDipMan, Adv Diploma, CISSM, CGEIT, CRISC, M.Inst	1 July 2023	3/3	100%
Mr Velile Pangwa	B Comm (Honours), CA(SA)	1 July 2023	2/3	75%

Human Resources, Social & Ethics Subcommittee (The Subcommittee was renamed Social and Ethics Subcommittee)

The subcommittee advises, oversees and monitors our activities concerning human resources, social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationships, labour and employment matters. The subcommittee has standard terms of reference, approved by Exco, detailing its roles and responsibilities. These are reviewed every two years in line with best practice. The subcommittee met once during the year.

Key activities of the Human Resources, Social and Ethics Subcommittee during 2023/24 were as follows:

- Reviewed the human resources and social and ethics quarterly reports.
- Reviewed succession planning policy.
- Monitored employee wellness programmes.
- Closely monitored key appointments.
- Reviewed and advised on the changes to labour legislation.
- Reviewed and approved the employment equity annual report (Department of Labour submission).
- Reviewed and advised on the HR policies and procedures.
- Advised on the implementation of the whistleblowing report.
- Reviewed and advised on the fraud and corruption prevention plan.
- Reviewed and advised on the occupational health and safety policy.

The members of the Human Resources, Social & Ethics Subcommittee, together with their qualifications and attendance record, are listed below.

Member	Qualifications	Appointment date	Total meetings	Attendance (%)
Ms Dudu Msomi – Chairperson	BA (Honours); Programme for Management Development; MBA; Postgraduate Diploma: Corporate Governance; Postgraduate Diploma: Advertising and Marketing	1 August 2020	1/1	100%
Ms Jabu Mogadime	BA; MBA; Dip Marketing (Cim)	1 August 2020	1/1	100%
Dr Phasoane Mokgobu	PhD; MBA; M Admin; B Admin; BAdmin (Honours); Diploma in Labour	1 August 2020	1/1	100%
Professor Philippus Sutherland	BCom LLB (Cum Laude), PhD	1 August 2020	1/1	100%

Social and ethics Subcommittee

The subcommittee advises, oversees and monitors our activities concerning social and economic development, ethics, transformation, sustainability, corporate citizenship, environment, health, public safety, stakeholder relationships, labour and employment matters. The subcommittee has standard terms of reference, approved by Exco, detailing its roles and responsibilities. These are reviewed every two years in line with best practice.

The subcommittee met three times during the year.

Key activities of the Social and Ethics Committee during 2023/24 were as follows:

- Reviewed the human resources and social and ethics quarterly reports.
- Social & Ethics Quarterly Report, including sustainability issues.
- Report on the ethical conduct of Executives and senior officials against the Code of Conduct and business ethics.
- Transformation Report (EE Report).
- Report on compliance with the Employment Equity Act and the Broad-Based Black Economic Empowerment Acts.
- Climate/Change Readiness Survey.
- Development of the TORs.

The members of the Social and Ethics Subcommittee, together with their qualifications and attendance record, are listed below.

Member	Qualifications	Appointment date	Total meetings	Attendance (%)
Ms Dudu Msomi – Chairperson	BA (Honours); Programme for Management Development; MBA; Postgraduate Diploma: Corporate Governance; Postgraduate Diploma: Advertising and Marketing	1 July 2023	3/3	100%
Dr Phasoane Mokgobu	PhD; MBA; M Admin; B Admin; B Admin (Honours); Diploma in Labour	1 July 2023	3/3	100%
Dr Khali Mofoua	PhD; M Applied Ethics, M MPSM, BA Public Admin, ICA PGDip (GRC), PGDip in Law	1 July 2023	3/3	100%
Ms Suraya Hamdulay	B Social Science, B Law, GIBS Internal Leadership	1 July 2023	2/3	90%
Mr Unathi Kamlana (FSCA Commissioner)	B Comm, M Comm in Taxation, MSc in Economic Policy, PGDip on Taxation Law	1 July 2023	3/3	100%

Induction of governance Subcommittee members

A comprehensive induction programme is conducted to ensure that new governance Subcommittee members have the required knowledge of the structure of the FSCA, operations, policies and industry-related issues to enable them to fulfil their fiduciary duties and responsibilities. We conducted the induction programme for the two new Subcommittee members appointed during the 2023/24 financial year.

Conflict of interest

All Governance Subcommittee members are required by legislation to disclose any actual, potential or perceived conflict of interest to the governance structures on which they serve during the year and as and when their respective interests change. The Secretariat function actively manages the Subcommittee declarations at the start of each financial year, and keeps a register of any updates reported by members.

Ethical and effective leadership

The governance of ethics is the responsibility of the Exco, supported by the Governance Risk and assurance Department, Social and Ethics Subcommittee and documented in the Code of Ethics. This code sets out the standard of conduct expected of all employees, concerning the employer, fellow employees and service providers.

The Code of Conduct is supported by the Whistleblowing, and the Fraud and Corruption Prevention Policies. All employees are required to abide by these policies and this is communicated during employee induction and periodic employee engagement sessions.

Who leads us – Executive Committee

Unathi Kamlana
Commissioner

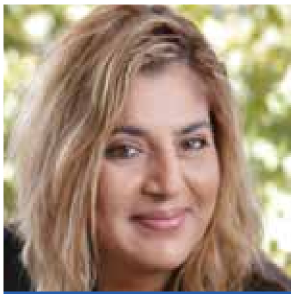
Academic Qualifications
- MCom in Taxation, Rhodes University
- MSc in Economic Policy, University of London
- Postgraduate diploma in taxation law (HdipTax), University of Witwatersrand
- BCom, Rhodes University

Astrid Ludin
Deputy Commissioner

Academic Qualifications
- MA in International Affairs, Columbia University, New York, USA
- BA Honours in Politics, Philosophy, Economics, York University, York, UK

Katherine Gibson
Deputy Commissioner

Academic Qualifications
- MCom (Cum Laude), University of Natal
- BCom Honours in Economics (Cum Laude) University of KwaZulu-Natal
- BCom, University of Natal



Farzana Badat
Deputy Commissioner

Academic Qualifications
- LLM Coursework (Constitutional and Human Rights Litigation, Internet and E-commerce Law, Bioethics), University of KwaZulu-Natal
- LLM International Law, University of Michigan Law School, Ann Arbor, USA
- LLB (Summa Cum Laude), University of KwaZulu-Natal

Strategic Management Committee

Felicity Mabaso

Divisional Executive: Licensing and Business Centre

Academic qualifications
- BCom, University of Limpopo
- New Managers Programme, Wits Business School
- Executive Leadership Programme, Wits Business School
- Executive Leadership Programme, London Business School

Olano Makhubela

Divisional Executive: Market Integrity and Decision Science Division

Academic qualifications
- MSc in Development Economics, University of London
- BCom Hons (Cum laude) University of South Africa
- BCom, University of KwaZulu-Natal
- LLB, University of Witwatersrand

Gerhard van Deventer

Divisional Executive: Enforcement

Academic qualifications
- LLB, University of Stellenbosch
- BA, University of Stellenbosch
- Executive Leadership Programme, University of Withwatersrand
- ACFE

Jabulane Hlalethoa

Divisional Executive: Corporate Services

Academic qualifications
- MCom in Business Management, University of Johannesburg
- BA Honours, University of Johannesburg
- PGDip (Public Policy & Development Management), University of Witwatersrand
- PGDip (Labour Law - Cum Laude) University of Johannesburg
- Global Executive Development Programme, Gordon Institute of Business Science

Phokeng Mogase

Chief Information Officer

Academic qualifications
- BCom in Financial Accounting and Information Systems, North-West University
- Management Development Programme, GIBS Business School
- Global Executive Development Programme: Alchemy by Delloite
- Certified: ITIL-MP, COBIT, Arbinger Change Management Facilitator

Kedibone Dikokwe

Divisional Executive: Conduct of Business Supervision

Academic qualifications
- BCom, North West University
- New Managers' Programme, Wits Business School
- Global Executive Development Programme – Alchemy by Deloitte

Paul Kekana

Chief Financial Officer

Academic qualifications
- ACMA-CGMA
- MBL, University of South Africa-SBL
- BCom, University of South Africa

Remuneration review

We are committed to a reward philosophy that focuses on rewarding consistent and sustainable individual, team and organisational performance linked to delivery on our mandate. The philosophy aims to ensure that we create the appropriate environment that attracts and retains employees of the right calibre with appropriate skills and motivates them to perform in alignment with strategic objectives.

Reward Framework

To incentivise a culture of high productivity, we have implemented a short-term (STI) incentive plan, which is based on value created for stakeholders and linked to the budgeted bonus on an annual basis.

The current STI plan is performance based and linked to the budgeted bonus on an annual basis. Funding for the incentive scheme is based on a budgeted percentage of the Annual Cost to Employer payroll. Short-term incentives of general staff are subject to Strategic Management Committee (SMC) and Exco approval each year based on economic circumstances and the performance of the organisation.

Performance targets are set annually and approved by EXCO. SMC members' individual performance targets are linked to organisational targets and cascaded to the Divisional, Departmental, and individual performance goals in their respective Divisions. The SMC incentive scheme is separate from the staff incentive scheme and the total pay-out is linked to individual performance scores.

Reward element	Strategic Intent	Measurement
Guaranteed pay ▪ Competitive and market related	Talent attraction and retention.	Benchmark studies. ▪ 65 employees were granted salary adjustments for retention purposes during the period under review. ▪ 39 employees were promoted during the year under review in line with our talent management strategy.
Benefits ▪ Medical aid ▪ Leave ▪ Retirement fund ▪ Risk benefits ▪ Study assistance	Provision of a competitive value proposition	Aligned with the needs of employees
Short-term incentive ▪ Performance incentive	Provide monetary motivation to employees	▪ 96.2% (587 out of 610) of employees were awarded short-term incentives in July 2023 based on performance

- **Guaranteed pay:** This is pay for the job role, skills and experience requirements. This pay comprises a cash component and other mandatory benefits for permanent staff as detailed below.
- **Retirement benefit:** We are a defined contribution provident fund. All employees are required to become a member of our pension fund and are subject to the rules of the fund. The normal retirement age for employees is 63 years.
- **Insured benefit:** We provide risk benefits such as funeral and disability benefits.
- **Medical aid:** All employees are required to belong to our approved medical aid fund unless they are members of a medical aid of which the spouse or partner is a principal member. We conduct annual medical aid scheme reviews to determine whether the approved medical aids still adequately address the needs of our employees. As a value-added service, we have appointed Alexandra Forbes to assist in performing annual
- **Short-term incentive:** the STI is used in facilitating the achievement of work-related goals and reviewing performance to motivate employees to achieve their full potential in line with our overall strategic objectives. The STI will be earned as a result of performance against set objectives and budget availability. Variable pay will not be automatic and will be subject to overall organisational performance and prevailing market conditions as well as Exco Remuneration Committee approval.

Annual salary increases and adjustments

Our annual review process takes place in January of each year. Exco proposes to the relevant sub-committee a percentage increase in guaranteed pay to be made available for the increase process. In addition, salary adjustments are granted to deserving and performing staff members once a year in July for retention purposes.

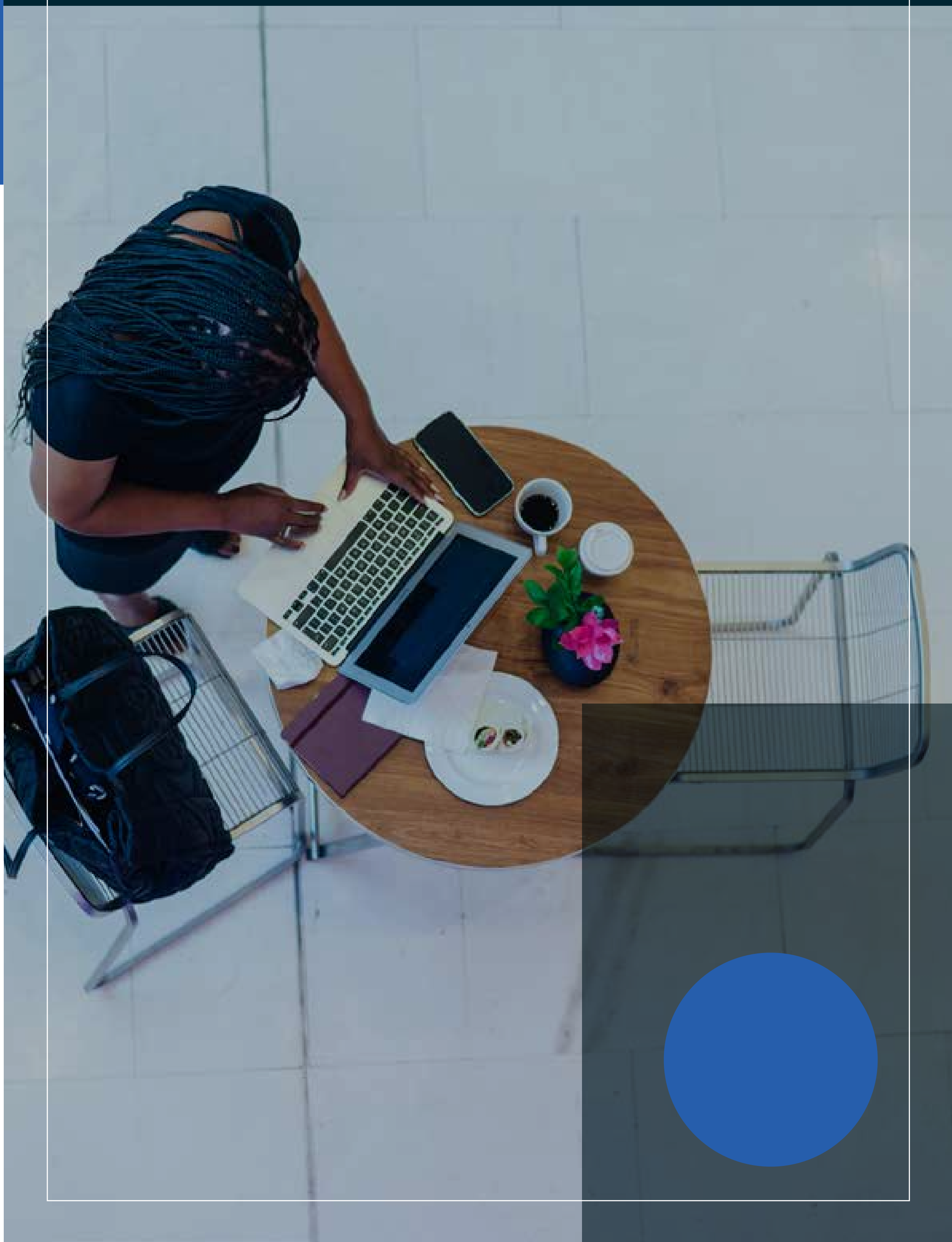
After implementing the pay progressions and the annual increases that became effective on 1 January 2024, 410 (67%) employees were remunerated within range, and 200 (32.6%) employees were remunerated above +25% of the market median. Two (0.3%) employees were remunerated below -25% of the market median.

Benchmarking

We adapt our rewards strategies continuously through benchmarking against industry best practice to ensure relevance and competitiveness as it drives employee retention and drives new employee behaviours outlined in its regulatory strategy. The benchmarking exercise assists in identifying any gaps that could impair our ability to attract and retain competent employees.

Actuarial Staff

As part of our retention strategy, we have a policy to encourage the growth and development of actuarial students. The strategy is aligned to industry practices i.e., when students pass their examinations, they receive an incentive either as a salary structural adjustment or a once-off bonus payment. Bonuses differ based on the level of the examination. The incentive is applied twice a year and is linked to the actuarial study discipline.



Part H

Annual Financial Statements

Index

Report by the Accounting Authority

The annual financial statements have been prepared in accordance with South African Statements of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The Accounting Authority acknowledges its responsibility for the preparation and integrity of the annual financial statements and related information included in the integrated report. In order for the Accounting Authority to discharge these responsibilities, as well as those bestowed on it in terms of the Public Finance Management Act 1 of 1999 (PFMA) and other applicable legislation, it has developed and maintains a system of internal control.

Internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable, but not absolute assurance that assets are safeguarded and that transactions are executed and recorded in accordance with GRAP, as well as policies and procedures established by the Accounting Authority and independent oversight by the Audit and Risk Management Committees.

The Financial Sector and Deposit Insurance Levies Act came into effect on 1 April 2023, introducing a new levy for the Banking sector and funding the OPFA and FAIS Ombud offices independently of the FSCA. Under the Act, the FSCA is responsible for the invoicing and collection of levies on behalf of the OPFA, FAIS Ombud, the Tribunal and the Ombud Council.

The FSCA is well placed to manage future funding requirements pertaining to its regulatory activities and has sufficient resources to continue its business for the foreseeable future. The Accounting Authority therefore concludes that using the going concern basis is appropriate in preparing its financial statements as there are no material uncertainties related to events or conditions that may cast significant doubt about the FSCA's ability to continue as a going concern.

The annual financial statements for the year ended 31 March 2024, as set out on pages 110 to 154, were approved by the Accounting Authority on 31 July 2024 and were signed on its behalf by:

U Kamlana
Commissioner

Report of the Auditor-General to the Parliament on the Financial Sector Conduct Authority

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Financial Sector Conduct Authority set out on pages 110 to 154, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial Sector Conduct Authority as at 31 March 2024 and its financial performance and cash flows for the year then ended in accordance with the Generally Recognised Accounting Practice (Standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the accounting authority for the financial statements

6. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting Authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

7. In preparing the financial statements, the accounting authority is responsible for assessing the public entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

8. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

9. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 108 to 109, forms part of our auditor's report.

Report on the annual performance report

10. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.

11. I selected the following material performance indicators related to the core function : Protect financial customers by - promoting fair treatment of financial customers by financial institutions; and providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions presented in the annual performance report for the year ended 31 March 2024. I selected those indicators that measure the public entity's performance on its primary mandated functions and that are of significant national, community or public interest.

    - Date of publication of abbreviated version of rolling 3-year regulation plan to promote good conduct and fair treatment of customers
    - Percentage achievement of annual targets in the regulation plan to promote good conduct and fair treatment of customers
    - Date of approval of the consolidated risk-based supervisory plan to promote good conduct and fair treatment of customers
    - Number of TTK Modules released by target date
    - Number of market studies or industry reviews on financial customer risk published by target date
    - Number of small business regulatory education and support workshops/webinars conducted
    - Number of awareness programmes held with communities utilising banking services by 31 December 2023
    - Date of publication for position papers on Open Finance
    - Date vulnerability framework is published
    - Number of financial education tools made available, and resources developed
    - Number of media engagements about emerging financial education matters
    - Number of financial literacy surveys conducted.

12. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the public entity's planning and delivery on its mandate and objectives.

13. I performed procedures to test whether:

    - the indicators used for planning and reporting on performance can be linked directly to the public entity's mandate and the achievement of its planned objectives
    - all the indicators relevant for measuring the public entity's performance against its primary mandated and prioritised functions and planned objectives are included
    - the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
    - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

Report of the Auditor-General to the Parliament on the Financial Sector Conduct Authority (continued)

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information presented in the annual performance report in the prescribed manner and is comparable and understandable
- There is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

14. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

15. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

16. I draw attention to the matters below.

Achievement of planned targets

17. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or underachievement.

18. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 162 to 173.

Targets achieved: 85%		
Key indicator not achieved	**Planned target**	**Reported achievement**
Number of market studies or industry reviews on financial customer risk published by target date.	Publish 1 market study or industry review by 31 December 2023	The market study or industry review report was published on 28 March 2024.
Number of financial education tools made available, and resources developed	3 Piloting based on feasibility assessment of Financial Education projects conducted by 31 March 2024.	0 Piloting based on feasibility assessment of Financial Education projects conducted by 31 March 2024.
	Comparison tool on banking product, price and service by 31 March 2024	0 Comparison tool on banking product, price, and service was developed by 31 March 2024.

Report on compliance with legislation

19. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the public entity's compliance with legislation.

20. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

21. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the public entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

22. I did not identify any material non-compliance with the selected legislative requirements.

Other information in the annual report

23. The accounting authority is responsible for the other information included in the annual report which includes the audit committee report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in objectives presented in the annual performance report that have been specifically reported on in this auditor's report.

24. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

25. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

26. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

27. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

28. I did not identify any significant deficiencies in internal control.

Auditor-General

Auditor-General
Pretoria
31 July 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:
• The auditor-general's responsibility for the audit
• The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the public entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the public entity's internal control

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made

- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the public entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a public entity to cease operating as a going concern

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(3)(c)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a); 16A6.2(b); Regulation 16A6.3(a); 16A6.3(a); 16A6.3(b) Regulation 16A6.3(c); 16A6.3(e); 16A6.4; 16A6.5; Regulation 16A6.6; 16A.7.1; 16A.7.3; 16A.7.6; Regulation 16A.7.7; 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A 9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; 30.1.3(a); Regulation 30.1.3(b); 30.1.3(d); 30.2.1; 31.2.1; Regulation 31.2.5; 31.2.7(a); 32.1.1(a); 32.1.1(b); Regulation 32.1.1(c); 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations, 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
National Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2(b); 4.3; 4.4; 4.4(a); 4.17; 7.2; Paragraph 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.3.1
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1 (b)
Practice Note 5 of 2009/10	Paragraph 3.3
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Regulation 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Regulation 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; Regulation 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5; 7.6; 7.8; Regulation 8.2; 8.5; 9.1; 9.2; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

Statement of Financial Position

as at 31 March 2024

Amounts in Rand	Note(s)	2024	2023
Assets			
Current Assets			
Cash and cash equivalents	3	687,850,285	566,283,996
Receivables from exchange transactions	4	13,943,402	12,297,418
Statutory receivables from exchange transactions	5	2,172,910	11,506,826
Statutory receivables from non-exchange transactions	6	63,581,645	88,074,335
Prepayments	7	13,658,459	5,727,726
		781,206,701	**683,890,301**
Non-Current Assets			
Property, plant and equipment	8	39,512,180	24,029,223
Intangible assets	9	23,311,114	25,284,027
Financial assets at fair value	10	107,298,260	90,186,432
		170,121,554	**139,499,682**
Total Assets		**951,328,255**	**823,389,983**
Liabilities			
Current Liabilities			
Operating lease liability		100,109	7,929,964
Payables from exchange transactions	11	62,589,786	74,186,390
Payables from non-exchange transactions	12	62,031,125	91,578,097
Levies and fees received in advance	13	59,333,308	54,041,537
Provisions	14	50,660,462	45,635,206
		234,714,790	**273,371,194**
Non-Current Liabilities			
Operating lease liability		150,165	-
Provisions	14	8,163,224	5,290,907
Employee benefit obligation	15 & 16	68,406,694	63,569,232
		76,720,083	**68,860,139**
Total Liabilities		**311,434,873**	**342,231,333**
Net Assets		**639,893,382**	**481,158,650**
Accumulated reserves			
Contingency reserve	17	-	95,787,000
Discretionary reserve	18	-	57,729,426
Accumulated surplus		639,893,382	327,642,224
Total Net Assets		**639,893,382**	**481,158,650**

Statement of Financial Performance

as at 31 March 2024

Amounts in Rand	Note(s)	2024	2023
Revenue			
Revenue from exchange transactions	22	126,980,270	82,951,483
Revenue from non-exchange transactions	23	969,794,437	955,766,603
		1,096,774,707	**1,038,718,086**
Operating expenses			
Advisory and other committee fees		(1,724,942)	(958,077)
Contribution towards funding of the Office of the Ombud for FSPs	24	-	(60,884,242)
Contribution towards funding of the Office of the PFA	24	-	(82,729,529)
Depreciation and amortisation	8&9	(14,391,613)	(17,435,006)
Executive management remuneration	24	(52,099,843)	(49,191,807)
External audit fees	25	(3,941,228)	(3,639,760)
Internal audit fees		(914,493)	(1,130,145)
Legal fees		(11,502,366)	(16,535,884)
Governance committee fees	24	(1,471,572)	(1,459,396)
Operating lease rentals-buildings		(60,131,733)	(78,922,236)
Other operating expenses	26	(110,082,119)	(111,621,534)
Professional and consulting fees		(22,667,285)	(20,011,449)
Impairment loss	27	(34,768,213)	(10,450,060)
Tribunal expenses	24	-	(15,731,199)
Salaries, staff benefits, training and other staff expenses		(625,565,452)	(573,462,239)
		(939,260,859)	**(1,044,162,563)**
Operating surplus (deficit)		**157,513,848**	**(5,444,477)**
Fair value adjustments of financial assets at fair value	10	7,147,818	2,474,442
Post-retirement medical aid fund obligation increase	15	(4,837,462)	(6,392,263)
Loss on disposal of assets	8 & 9	(1,089,472)	(162,688)
		1,220,884	**(4,080,509)**
Surplus (deficit) for the year		**158,734,732**	**(9,524,986)**

Statement of Changes in Net Assets

for the year ended 31 March 2024

Amounts in Rand	Discretionary reserve	Contingency reserve	Total reserves	Accumulated surplus/deficit	Total net assets
Opening balance as previously reported	**45,144,375**	**90,641,636**	**135,786,011**	**354,916,956**	**490,702,967**
Adjustments					
Prior year adjustments (Note 34)	-	-	-	(19,330)	(19,330)
Balance at 1 April 2022 as restated	**45,144,375**	**90,641,636**	**135,786,011**	**354,897,626**	**490,683,637**
Changes in net assets					
Deficit for the year	-	-	-	(9,524,987)	(9,524,987)
Transfer from accumulated surplus to contingency reserve	-	5,145,364	5,145,364	(5,145,364)	-
Transfer from accumulated surplus to discretionary reserve	12,585,051	-	12,585,051	(12,585,051)	-
Total changes	12,585,051	5,145,364	17,730,415	(27 255 402)	(9,524,987)
Balance at 31 March 2023 as restated	**57,729,426**	**95,787,000**	**153,516,426**	**327,642,224**	**481,158,650**
Changes in net assets					
Surplus for the year	-	-	-	158,734,732	158,734,732
Transfer to accumulated surplus	(57,729,426)	(95,787,000)	(153,516,426)	153,516,426	-
Total changes	(57,729,426)	(95,787,000)	(153,516,426)	312,251,158	158,734,732
Balance at 31 March 2024	**-**	**-**	**-**	**639,893,382**	**639,893,382**
Notes	18	17			

Cash Flow Statement

for the year ended 31 March 2024

Amounts in Rand	Note(s)	2024	2023
Cash flows from operating activities			
Receipts			
Cash receipts from industry		1,034,546,534	963,846,284
Interest income		49,812,474	38,796,855
Dividends		1,897,375	2,296,380
		1,086,256,383	1,004,939,519
Payments			
Employee costs		(667,727,901)	(594,549,367)
Suppliers		(205,156,219)	(208,875,089)
Other payments		(52,850,834)	(181,173,080)
		(925,734,954)	(984,597,536)
Net cash flows from operating activities	28	**160,521,429**	**20,341,983**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(27,828,336)	(8,023,202)
Purchase of other intangible assets	9	(1,162,794)	(9,158,648)
Purchase of financial assets		(14,029,201)	(3,421,687)
Proceeds from sale of financial assets		4,065,191	7,152,234
Net cash flows from investing activities		**(38,955,140)**	**(13,451,303)**
Net increase/(decrease) in cash and cash equivalents		**121,566,289**	**6,890,680**
Cash and cash equivalents at the beginning of the year		**566,283,996**	**559,393,316**
Cash and cash equivalents at the end of the year	3	687,850,285	566,283,996

Statement of Comparison of Budget and Actual Amounts

for the year ended 31 March 2024

Budget on Accrual Basis

Amounts in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Revenue from exchange transactions	60,074,330	-	**60,074,330**	126,980,270	**66,905,940**	38
Revenue from non-exchange transactions						
Transfer revenue						
Revenue from non-exchange transactions	917,051,208	-	**917,051,208**	969,794,437	**52,743,229**	38
Total revenue	**977,125,538**	**-**	**977,125,538**	**1,096,774,707**	**119,649,169**	
Expenditure						
Advisory and other committee fees	(1,836,336)	-	**(1,836,336)**	(1,724,942)	**111,394**	38
Depreciation and amortisation	(26,681,257)	-	**(26,681,257)**	(14,391,613)	**12,289,644**	38
Executive management remuneration	(52,099,844)	-	**(52,099,844)**	(52,099,843)	**1**	
External audit fees	(4,820,870)	-	**(4,820,870)**	(3,941,228)	**879,642**	
Internal audit fees	(2,018,718)	-	**(2,018,718)**	(914,493)	**1,104,225**	
Legal fees	(14,605,000)	-	**(14,605,000)**	(11,502,366)	**3,102,634**	38
Governance committee fees	(1,973,184)	-	**(1,973,184)**	(1,471,572)	**501,612**	38
Operating lease rental-buildings	(87,382,290)	-	**(87,382,290)**	(60,131,733)	**27,250,557**	
Other operating expenses	(146,401,429)	-	**(146,401,429)**	(110,082,119)	**36,319,310**	38
Professional and consulting fees	(43,430,504)	-	**(43,430,504)**	(22,667,285)	**20,763,219**	38
Impairment loss	-			(34,768,213)	**(34,768,213)**	38
Salaries, staff benefits, training and other staff expenses	(633,089,133)	-	**(633,089,133)**	(625,565,452)	**7,523,681**	
Total expenditure	**(1,014,338,565)**	**-**	**(1,014,338,565)**	**(939,260,859)**	**75,077,706**	
Operating surplus	**(37,213,027)**	**-**	**(37,213,027)**	**(157,513,848)**	**194,726,875**	
Fair value adjustments of financial assets at fair value	-	-	-	7,147,818	7,147,818	38
Post-retirement medical aid fund obligation (increase)/decrease	-	-	-	(4,837,462)	(4,837,462)	38
Loss on disposal of assets	-	-	-	(1,089,472)	(1,089,472)	
	-	**-**	**-**	**1,220,884**	**1,220,884**	
Deficit/Surplus for the year	**(37,213,027)**	**-**	**(37,213,027)**	**158,734,732**	**195,947,759**	

Significant Accounting Policies

1. Basis of preparation of annual financial statements

Reporting entity

The Financial Sector Conduct Authority (FSCA) is a National Public Entity, as specified in Schedule 3A of the Public Finance Management Act (PFMA) 1999 (Act No. 1 of 1999), (as amended by Act No.29 of 1999). The FSCA is mandated by the South African government to enhance and support the efficiency and integrity of financial markets, protect financial customers and assist in maintaining financial stability in South Africa.

Basis of accounting

The principal accounting policies applied in the preparation and presentation of these financial statements are set out below. These policies were consistently applied to the years presented, unless otherwise stated.

The FSCA's financial statements are prepared in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), as set out in the Accounting Standards Board (ASB) Directive 5 (Determining the GRAP Reporting Framework) and the PFMA (as amended by Act No 29 of 1999). The financial statements are presented in South African Rand.

The financial statements are prepared in concurrence with the going-concern principle and on an accrual basis in line with the measurement base applied, being the historical cost unless stated otherwise.

In applying accounting policies, management is required to make various judgments, apart from those involving estimations, which may affect the amounts of items recognised in the financial statements. Management is also required to make estimates of the effects of uncertain future events that could affect the carrying amounts of certain assets and liabilities at the reporting date. Actual results in the future could differ from estimates that may be material to the financial statements.

Details of any significant judgments and estimates are explained in the relevant policy, where the impact on the financial statements may be material.

Standards and amendments to standards issued but not yet effective

The following standards and amendments to standards have been issued but are not yet effective.

Standard	Summary and Impact	Effective date
GRAP104-Financial Instruments	The impact on the financial results and disclosure is considered to be minimal.	1 April 2025
GRAP1-Presentation of Financial Statements	The impact on the financial results and disclosure is considered to be minimal.	No effective date has been determined by the Minister of Finance.

The significant accounting policies applied in the preparation of these annual financial statements are set out below.

Significant Accounting Policies

1.1 Significant accounting judgements and estimates

The preparation of financial statements in conformity with GRAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the FSCA's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements, are disclosed below.

Significant accounting estimates and assumptions

Provisions
Provisions are raised based on management's determined estimate using the information available. The accounting policy for provisions is disclosed under note 1.12 and additional disclosure of these estimates of provisions are included in note 14.

Depreciation and amortisation
During each financial year, management reviews property, plant and equipment and intangible assets to assess whether the useful lives and residual values applicable to each asset are appropriate.
At the end of each financial year management assesses whether there is any indication that the FSCA's expectations about the residual value and the useful life of assets included in property, plant and equipment have changed since the preceding reporting date.

Impairment of receivables

Management conducts annual tests to determine whether receivables have suffered any impairment (refer to note 1.4 and note 1.5).

Post employment benefits

The cost of certain guaranteed minimum benefits in terms of defined benefit plans and other post-employment medical benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long- term nature of these plans, such estimates are subject to significant uncertainty.

1.2 Property, plant and equipment

Property, plant and equipment comprises of leasehold improvements, computer equipment, furniture, fittings and equipment, as well as motor vehicles.

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits or service potential associated with the item will flow to the entity and the cost of the item can be measured reliably.

At initial recognition an item of property, plant and equipment is measured at cost. An asset acquired through a non- exchange transaction is recognised at its fair value at date of acquisition. Subsequently all items of property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses. Depreciation commences when the item of property, plant and equipment is available for use. Property, plant and equipment items are tested for impairment when there is an indicator that the asset or assets should be impaired, refer to note 1.9.

Significant Accounting Policies

1.2 Property, plant and equipment (continued)

Leasehold improvements and finance leased assets are written off over the expected period of the relevant lease agreements. All other items of property, plant and equipment are depreciated on a straight-line basis at rates that will reduce their carrying value to estimated residual value over their estimated useful lives.

The annual depreciation rates are based on the following average useful lives:

Item	Depreciation method	Average useful life
Leasehold improvements and finance leased assets	Straight-line	Expected period of relevant lease
Furniture, fittings, equipment and paintings	Straight-line	5 - 50 years
Motor vehicles	Straight-line	14 years
Computer equipment	Straight-line	3 - 20 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimate, the change is accounted for as a change in accounting estimate. For further details refer to note 33. Items of property, plant and equipment are also tested for impairment annually when there is an indicator that the asset or assets should be impaired.

The depreciation charge for each period is recognised in surplus or deficit.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gains or losses arising from the derecognition of an item of property, plant and equipment are included in surplus or deficit when the item is derecognised. Gains or losses arising from the derecognition of an item of property, plant and equipment are determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Maintenance and repairs, which neither materially add to the value of assets nor prolong their useful lives, are charged against the statement of financial performance. The entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 8).

1.3 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance. An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the entity; and
- the cost or fair value of the asset can be measured reliably.

At initial recognition intangible assets are measured at cost. An intangible asset acquired through a non-exchange transaction is recognised at its fair value at date of acquisition. Subsequently all intangible assets are measured at cost less accumulated amortisation and any impairment losses. Amortisation commences when the intangible asset is available for use.

Intangible assets are tested for impairment annually when there is an indicator that the asset or assets should be impaired. Intangible assets under development and/or not available for use are tested for impairment at reporting date, refer to note 1.9.

Significant Accounting Policies

1.3 Intangible assets (continued)

Expenditure on research is recognised as an expense when it is incurred. Internally generated brands, publishing titles, customer lists, and items similar in substance are not recognised as intangible assets.

The amortisation period, amortisation method and residual values for intangible assets are reviewed at each reporting date. Amortisation is provided to write down the intangible asset on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3 - 27 years

Intangible assets are derecognised when the asset is disposed off or when there are no further economic benefits or service potential expected from the use of the asset. Gains and losses arising from the derecognition of intangible assets are determined by comparing the proceeds, if any, with the carrying amount and are recognised in surplus or deficit when the asset is derecognised.

1.4 Financial instruments

Financial instruments are classified in the following categories:

Financial assets at fair value - Investments

Investments are initially recognised and subsequently measured at fair value. Interest on government bonds is calculated using the coupon rate which is recognised in the statement of financial performance as interest revenue from exchange transactions. Dividends received from non-current investments are recognised in the statement of financial performance as revenue from exchange transactions when the right to receive payments is established. The fair value movements of quoted investments are recognised in the statement of financial performance. Transaction costs are expensed in the statement of financial performance.

Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred or when substantially all risks and rewards of ownership have been transferred.

Financial Instrument at amortised cost

Receivables

Receivables which are not accounted for as statutory receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment loss. A impairment loss is established when there is objective evidence that not all amounts due will be collected according to original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced by the amount of the impairment loss which is recognised in the statement of financial performance. When the trade receivable is uncollectable, it is written off and subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

Significant Accounting Policies

1.4 Financial instruments (continued)

Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at banks and other short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are measured at amortised cost.

1.5 Statutory receivables

Statutory receivables are receivables that arise from legislation or supporting regulations and require settlement by another entity in cash. The FSCA's statutory receivables are made up of levy debtors, inspection cost debtors, penalty debtors, legal fees and other receivables. The levies are imposed on all authorised financial institutions in terms of the Financial Sector and Deposit Insurance Levies Act 2022 and penalties including other receivables as listed above are imposed as per the FSR Act and FSCA various sectoral legislations that the FSCA administers. The statutory receivables are initially recognised at their transaction amount. Subsequently, statutory receivables are measured at their transaction amount, plus any accrued interest or other charges (where applicable) and, less any accumulated impairment losses and any amounts derecognised.

Statutory receivables are recognised as follows:
- if the transaction is an exchange transaction; or
- if the transaction is a non-exchange transaction.

An impairment loss is established when there is an indication that a statutory receivable, or a group of statutory receivables that are due, will not be collected according to the original terms of the receivables. Significant financial difficulty of thedebtor which may be evidenced by an application for debt counselling or business rescue, probability that the debtor will enter sequestration, liquidation or other financial re-organisation, default, bankruptcy or delinquency in payments, and adverse changes in international, national or local economic conditions are considered indicators that the trade receivable is impaired.

The amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable, is reduced, through the use of an allowance account.

When the statutory receivable is uncollectable, it is written off and subsequent recoveries of amounts previously written off are credited in the statement of financial performance.

1.6 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Significant Accounting Policies

1.6 Leases (continued)

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue. The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis. The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset orliability.

The operating lease liabilities are derecognised when the entity's obligation to settle the liability is extinguished. The operating lease assets are derecognised when the entity no longer anticipates economic benefits or service potential to flow from the asset.

1.7 Related parties

All payments to executive management and committee members of the FSCA are disclosed as related party transactions. Transactions and balances with National Departments of Government and State-controlled Entities which occur other than in accordance with the operating parameters established are disclosed separately in the notes to the financial statements.

1.8 Prepayments

Prepayments are payments made in advance for services or goods that have not been delivered for which the FSCA expects the delivery in the next financial period. Prepayments are recognised as current assets and are not discounted as the discounting effect thereof is considered immaterial.

1.9 Impairment of non-cash-generating assets

The FSCA's non-financial assets consists only of non-cash generating assets. The FSCA assesses at each reporting date whether there is an indication that an asset may be impaired.

If there is an indication that the asset may be impaired, the recoverable service amount is estimated for the individual asset. The recoverable service amount of an asset is the higher of its fair value less cost to sell and its value in use. If the recoverable service amount of an asset is less than its cost less accumulated depreciation or amortisation, the impairment loss is recognised immediately in surplus or deficit.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

The FSCA assesses at each reporting date whether there is an indication that an impairment loss recognised

Significant Accounting Policies

1.9 Impairment of non-cash-generating assets (continued)

in prior periods for assets may no longer exist or may have decreased. If any indication exists, the recoverable service amounts of those assets are estimated. The increased carrying amount of assets attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for assets in the prior years.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in surplus or deficit.

1.10 Levies and fees received in advance

Levies and fees received in advance are stated at the amount received. The effect of discounting is immaterial.

1.11 Employee benefits

Short-term employee benefits

The cost of all short-term employee benefits are recognised during the period in which the employee renders the related service.

Retirement benefits

The FSCA contributes to a pension fund and to a defined post-retirement medical aid plan. Only pensioners and employee who were in service at 1 January 1998 are eligible for benefits under the post retirement medical aid plan.

The pension fund is a defined contribution plan with a defined benefit guarantee for pensioners.

Pension Fund

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in the statement of financial performance in the period in which they arise

Post retirement medical aid plan

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in the statement of financial performance in the period in which they arise.

1.12 Provisions

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Significant Accounting Policies

1.12 Provisions (continued)

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised. Provisions are not recognised for future operating deficit.

Contingent assets and contingent liabilities are not recognised as provisions. Contingencies are disclosed in note 31.

Performance Bonus

Performance bonus is a short term employee benefit which is expensed as the related services are provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. A provision for performance bonus is raised on the estimated amount payable in terms of the incentive scheme which is based on the business and employee's performance in the applicable year.

Long service awards

Long service awards are provided to employees who achieve certain predetermined milestones of service within the enti the entity's obligation under this plan is valued by actuaries periodically and the corresponding liability is accordingly raised. The liability is calculated by valuing all future payments expected to be made in respect of benefits accrued up to the valuation date. Payments are set-off against the liability resulting from the valuation by the actuaries and are charged against the surplus or deficit. Long service awards are settled as and when employees achieve certain predetermined milestones of service.

Legal fees

Legal fees are provided for legal matters where it is probable that an outflow of economic benefits will be required to settle the obligation and the amount can be reliably measured.

1.13 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Commitments are not recognised in the statement of financial position but disclosed in the notes to the annual financial statements. Refer to note 30.

1.14 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the FSCA receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Significant Accounting Policies

1.14 Revenue from exchange transactions (continued)

Revenue is measured at the fair value of consideration received or receivable, net of trade discounts.

Revenue is recognised when the amount of revenue can be measured reliably, it is probable that future economic benefits will flow to the FSCA and specific criteria have been met as described below.

Revenue from exchange transactions comprises of fees and service charges, interest and dividends as well as other recoveries.

Fees and service charges are raised in terms of the regulations published in the Government Gazette and are recognised according to the percentage of completion method. Interest from government bond is recognised based on the coupon rate. Interest income from short-term investment is recognised on a time-proportion basis using the effective interest method.

Dividends are recognised when the right to receive payment is established, which is normally on the last day to trade.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

Revenue is recognised when the asset is recognised and if an obligation arises from the receipt of the asset, the revenue is recognised to the extent that there is no further obligation. Revenue from non-exchange transactions comprises of levies, penalties and other income.

All registered entities are required to pay annual levies to maintain their licenses in terms ofthe Levies Act. Levies are raised in terms of the Levies Act and are accounted for on an accrual basis.

The FSCA is funded through levies charged to industry and recovered levies in excess of the FSCA's requirements are rebated back to the industry. Levy rebates passed on to industry in terms of regulations published in the Government Gazette are recognised as a reduction in revenue.

Fines and penalties raised for late submission of returns are recognised on an accrual basis. The income from fines and penalties as per the FSCA's various sectoral legislation is credited to the surplus or deficit, but as this income is not considered to form part of the normal operating activities of the FSCA, it is transferred to the discretionary reserve. The amounts received or to be received from fines and penalties as per the FSR Act are payable to National Treasury.

Services in-kind are recognised as assets and revenue when they are significant to operations and/or service delivery objectives and it is probable that the future economic benefits or service potential will flow to the entity and the fair value of the assets and revenue can be measured reliably. If the services in-kind are not significant to the operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the nature and type of services in-kind received during the reporting period are disclosed in the notes to the annual financial statements.

1.16 Finance costs

Finance costs are charges incurred by the FSCA in connection with the finance lease liability. Finance costs are recognised as an expense in the period in which they are incurred.

Significant Accounting Policies

1.17 Translation of foreign currencies

Foreign currency transactions are translated into the measurement currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.
A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Significant Accounting Policies

1.18 Accounting by principals and agents (continued)

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The entity applies judgment in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The FSCA is responsible for the collection and administration of the financial sector bodies levies and special levy in terms of Financial Sector and Deposit Insurance Levies Administration Act 2022to the Tribunal, the Ombud Council, the Office of the Pension Funds Adjudicator and the Office of the Ombud for Financial Services Providers. Furthermore, in terms of section 167 of the FSR Act, the FSCA is responsible for administering the invoicing and collection of penalties on behalf of National Treasury. Amounts recovered by the FSCA for penalties are paid over in the National Revenue Fund.

The FSCA, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP. The FSCA recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

The following are the indicators for the recognition and treatment of the asset and liabilities arising from the principal and agent relationship:

- the levies and penalties invoiced are due to the FSCA;
- the FSCA has a legal right in terms of the Levies Act to enforce collection of the levies and penalties invoiced;
- the FSCA determines the amount to be invoiced for penalties invoiced;
- the FSCA determines the manner and timing of settlement;
- the FSCA has the power and discretion to write off penalty debts owing by third parties; and
- the FSCA has an obligation to undertake certain activities in terms of the FSR Act and Levies Act.

1.19 Accumulated funds and reserves

Accumulated surplus

Accumulated surplus is used to fund working capital requirements, capital expenditure, budgeted deficits (if any), as well as other unforeseen events. Accumulated surplus are maintained at approximately 2 to 6 months' operational expenditure.

National Treasury approval is obtained at the end of every financial year in order to retain the accumulated surplus. Accumulated surplus include amounts such as invoices not yet collected, hence the full balance at year end is not always represented by actual cash.

1.20 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -
(a) this Act; or
(b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
(c) any provincial legislation providing for procurement procedures in that provincial government.

Significant Accounting Policies

1.20 Irregular expenditure (continued)

All expenditure relating to irregular expenditure is recognised as an expense in the surplus or deficit in the period that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense and where recovered it is subsequently accounted for as revenue in the surplus or deficit.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance, in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Notes to the Annual Financial Statements

2. Financial Risk management

Financial risk factors

The FSCA is exposed to a variety of financial risks as a consequence of its operations namely, market risk, credit risk and liquidity risk. The FSCA's overall risk management program focuses on the unpredictability of financial markets and seeksto minimise potential adverse effects on its performance. Financial risk management is carried out under approved policies. The FSCA provides written principles for overall risk management as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of non-derivative financial instruments and investment of excess liquidity.

Market risk

Cash flow and fair value interest rate risk

The FSCA has significant cash and cash equivalents and its income and operating cash flows are dependent on changes in market interest rates. This is managed in line with movements in money market rates. The FSCA does not have any interest bearing borrowings and therefore there is no adverse exposure relating to interest rate movements in borrowings. Should the balances held on short-term deposit remain constant, the FSCA's interest income will fluctuate by R1 583 691 for every 25 basis point fluctuation in the prime interest rate.

Foreign exchange risk

The FSCA does not operate internationally but is exposed to foreign currency risk arising from various currency exposures. The exposure is limited to foreign membership and subscription fees, foreign travelling expenses, foreign exchange denominated operating expenses as well as investments in off-shore portfolios. The risk relating to off-shore investment portfolios is managed by an investment manager in terms of an approved mandate. Accordingly, the FSCA's exposure to foreign currency risk is minimal.

The following sensitivity analysis has been performed.

At 31 March 2024, if the currency had weakened or strengthened by 10% against the US dollar with all other variables held constant, the surplus for the year would have been R1 566 992 (2023: R34 405) higher or lower on foreign exchange gains or losses upon translation of US dollar-denominated transactions.

The off-shore investment portfolios would have been R4 348 269 (2023: R3 648 069) higher or lower arising from unrealised foreign exchange gains or losses up on translation of US dollar denominated off-shore investment portfolios. At 31 March 2024, if the currency had weakened or strengthened by 10% against the Euro with all other variables held constant, the surplus for the year would have been R182 939 (2023: R38 988) higher or lower on foreign exchange gains or losses upon translation of Euro-denominated transactions.

At 31 March 2024, if the currency had weakened or strengthened by 10% against the UK pound with all other variables held constant, the surplus for the year would have been R30 097 (2023: R15 649) higher or lower on foreign exchange gains or losses upon translation of UK pound-denominated transactions.

Notes to the Annual Financial Statements

2. Financial Risk management (continued)

Asset Price Risk

The FSCA is exposed to equity securities price risk from of investments, which are classified on the Statement of Financial Position as financial assets at fair value. These investments are managed by an investment manager in terms of an approved mandate. The investment manager manages the price risk arising from investments in equity securities through diversification of the portfolio in accordance with the mandate that gives the manager full discretion.

The FSCA's investments in equity of other entities that are publicly traded are included in the All Share Index of the JSE Securities Exchange Limited (All Share Index). The table below summarises the impact of increases/ decreases of the All Share Index on the FSCA's surplus for the year and on reserves. The analysis is based on the assumption that the All Share Index had increased/decreased by 14.6% (2023: 9.26%) with all other variables held constant and that all the FSCA's investments moved according to the historical correlation with the index.

	Impact on surplus for the year		Impact on investment portfolio for the year	
	2024	2023	2024	2023
All share index	6,402,818	3,910,418	6,402,818	3,910,418

Credit risk

Financial assets that potentially subject the FSCA to concentrations of credit risk consist primarily of cash and cash equivalents as well as accounts receivable. The FSCA's maximum exposure to credit risk relating to accounts receivable is the amount as shown in the Statement of Financial Position.

The FSCA invests funds in excess of the FSCA's immediate requirements (i.e short term deposits excluding current account balances) with the Corporation for Public Deposits (CPD). The table below shows the total amount invested in CPD at reporting date:

	31 March 2024	31 March 2023
Corporation for Public Deposits	633,476,260	517,437,149

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient liquid resources and the ability to settle debts as they become due. In the case of the FSCA, liquid resources consist of mainly cash and cash equivalents. The FSCA maintains adequate resources by monitoring rolling cash flow forecasts on the basis of expected cash flows. Forecasted liquidity reserves as at 31 March 2024 is as follows:

Description	March 2024	March 2025-2029
Opening balance for the period	566,283,996	687,850,285
Operating cash inflow	1,086,256,383	1,749,426,768
Operating cash outflows	(925,734,954)	(1,490,905,402)
Cash outflow for investments	(43,020,331)	(69,284,673)
Proceeds from sale of investments	4,065,191	6,547,031
	687,850,285	**883,634,009**

Notes to the Annual Financial Statements

2. Financial Risk management (continued)

The table below analyses the FSCA's financial liabilities at reporting date.

At 31 March 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	27,642,809	-	-	-

At 31 March 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	39,933,921	-	-	-

Capital risk management

The FSCA's objective when managing its funds is to safeguard the ability to continue operating as a going concern. The FSCA maintains various fund which serve different purposes, refer to note 1.18.

Fair value estimation

The fair value of financial instruments traded in active markets is based on quoted market prices (level 1) at reporting date. The quoted market price used for financial assets held by the FSCA is the current bid price.

3. Cash and cash equivalents

	2024	2023
Cash and cash equivalents consist of:		
Short-term deposits	633,476,260	517,437,149
Cash at bank and on hand	54,374,025	48,846,847
	687,850,285	**566,283,996**

Included in cash at bank and on hand is an amount of R10 883 696 (2023: R17 033 981), earmarked to fund the post-retirement medical aid plan. Also included in cash and cash equivalents is an amount of R68 960 607 (2023: R74 865 822) relating to the discretionary funds that are used to fund consumer education and consumer protection related expenses. In addition, the FSCA maintains a short-term deposit of R192 443 598 (2023: R173 907 167) to fund capital requirements and to protect operating capacity against the effects of inflation and unforeseen events.

4. Receivables from exchange transactions

Staff debtors- study loans	7,697,462	7,878,776
Interest receivable	252,530	170,864
Other receivables	5,993,410	4,247,778
	13,943,402	**12,297,418**

Notes to the Annual Financial Statements

5. Statutory Receivables from exchange transactions

	2024	2023
Legal fees recoveries	1,425,158	858,679
Less: Impairment loss	(637,857)	(858,679)
Recoverable legal fees	1,007,589	1,007,133
Other receivables	378,020	10,499,693
Net statutory receivables from exchange transactions	**2,172,910**	**11,506,826**

Reconciliation for impairment of statutory receivables from exchange transactions

Opening balance	858,679	972,632
Utilised	(170,899)	(286,871)
Charge to the statement of financial performance	(49,923)	172,918
	637,857	**858,679**

6. Statutory receivables from non-exchange transactions

Levy debtors	69,009,355	34,154,791
Less: Impairment loss	(26,179,307)	(19,441,132)
Inspection cost debtors	744,438	744,438
Less: Impairment loss	(744,438)	(744,438)
Penalty debtors	1,129,551,244	215,688,489
Less: Impairment loss	(1,108,799,647)	(142,327,813)
	63,581,645	**88,074,335**

Reconciliation for impairment of statutory receivables from non-exchange transactions

Opening balance	162,513,383	170,220,856
Utilised	(7,432,972)	(6,586,181)
Reversal of prior year provision	(455)	(9,544,659)
Charge to the statement of financial performance	34,818,592	19,821,801
Additions - enforcement penalties	944,607,302	(11,398,434)
Additions - financial sector bodies levies	1,217,542	-
	1,135,723,392	**162,513,383**

In terms of the Financial Sector and Deposit Insurance Levies (Administration) and Deposit Insurance Premiums Act, 2022 (The Levies Administration Act) the FSCA is responsible for administering the invoicing and collection of levies for all the financial sector bodies.

Notes to the Annual Financial Statements

6. Statutory receivables from non-exchange transactions (continued)

Included in the levy debtors and impairment loss balance is an amount of R8 443 717 and R1 217 542 (2023: R0) relating to the other financial sector bodies balances.

The additional impairment of R944 607 302 (2023: 11 398 434) is for the current year enforcement penalties amounting to R1 129 551 244 (2023: R215 688 489) raised on behalf of the National Treasury in line with the FSR Act.

7. Prepayments

The R13 658 459 (2023: R5 727 726) prepayments comprise of membership fees and software licences.

8. Property, plant and equipment

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Leasehold improvements	3,236,117	(2,327,007)	909,110	6,698,728	(4,479,390)	2,219,338
Furniture, fittings, equipment and paintings	32,230,551	(26,632,113)	5,598,438	31,261,284	(25,107,248)	6,154,036
Motor vehicles	2,923,325	(1,068,589)	1,854,736	1,503,310	(923,140)	580,170
Computer equipment	145,661,992	(114,512,096)	31,149,896	120,523,070	(105,447,391)	15,075,679
Finance leased assets	-	-	-	387,004	(387,004)	-
Total	**184,051,985**	**(144,539,805)**	**39,512,180**	**160,373,396**	**(136,344,173)**	**24,029,223**

Reconciliation of property, plant and equipment - 31 March 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	2,219,338	-	(969,033)	(341,195)	909,110
Furniture, fittings, equipment and paintings	6,154,036	969,266	-	(1,524,864)	5,598,438
Motor vehicles	580,170	1,420,016	-	(145,450)	1,854,736
Computer equipment	15,075,679	25,439,054	(120,439)	(9,244,398)	31,149,896
	24,029,223	**27,828,336**	**(1,089,472)**	**(11,255,907)**	**39,512,180**

Reconciliation of property, plant and equipment - 31 March 2023

	Opening balance	Additions	Disposals	Depreciation	Total
Leasehold improvements	2,581,318	318,513	-	(680,493)	2,219,338
Furniture, fittings, equipment and paintings	7,614,967	703,899	(34,118)	(2,130,712)	6,154,036
Motor vehicles	675,214	-	-	(95,044)	580,170
Computer equipment	20,574,243	7,000,790	(104,479)	(12,394,875)	15,075,679
	31,445,742	**8,023,202**	**(138,597)**	**(15,301,124)**	**24,029,223**

Notes to the Annual Financial Statements

8. Property, plant and equipment (continued)

Expenditure incurred to repair and maintain property, plant and equipment included in the Statement of Financial Performance

	2024	2023
Contracted services	208,336	112,766
General expenses	421,283	66,429
	629,619	**179,195**

The useful lives and residual values of the various categories of property, plant and equipment were assessed during the current financial year and resulted in a change in accounting estimate. Refer to note 33.

9. Intangible assets

	2024			2023		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
Computer software	41,917,515	(18,606,401)	23,311,114	40,769,017	(15,484,990)	25,284,027

Reconciliation of intangible assets - 31 March 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Computer software	17,585,053	112,168	2,635,878	(3,135,706)	17,197,393
Intangible asset sunder development	7,698,973	1,050,626	(2,635,878)	-	6,113,721
	25,284,026	**1,162,794**	**-**	**(3,135,706)**	**23,311,114**

Reconciliation of intangible assets - 31 March 2023

	Opening balance	Additions	Disposals	Transfers received	Amortisation	Total
Computer software	5,200,265	3,503,153	(24,091)	11,039,608	(2,133,882)	17,585,053
Intangible assets under development	13,083,086	5,655,495	-	(11,039,608)	-	7,698,973
	18,283,351	**9,158,648**	**(24,091)**	**-**	**(2,133,882)**	**25,284,026**

The useful lives of the various categories of computer software were assessed during the financial year and resulted in a change in accounting estimate. Refer to note 33.

Notes to the Annual Financial Statements

10. Financial assets at fair value

	2024	2023
Designated at fair value		
Non-current investments	107,298,260	90,186,432
Non-current assets		
Non-current investments	107,298,260	90,186,432

Financial assets at fair value

Fair value hierarchy of financial assets at fair value

The fair value of financial instruments traded in active markets is based on quoted market prices (level 1) at the reporting date. The quoted market prices used for financial assets held by the FSCA are bid prices as at year-end.

Movement for the year

Movement for the year ended 31 March 2024

	Opening balance	Fair value adjustment	Purchases	Sales	Closing balance
Shares	42,229,131	674,254	5,016,727	(4,065,191)	43,854,921
Gilts and Bonds	11,476,614	(528,442)	9,012,474	-	19,960,646
Off-shore collective investment schemes	36,480,687	7,002,006	-	-	43,482,693
	90,186,432	**7,147,818**	**14,029,201**	**(4,065,191)**	**107,298,260**

Movement for the year ended 31 March 2023

	Opening balance	Fair value adjustment	Purchases	Sales	Closing balance
Shares	44,791,392	(875,241)	3,421,687	(5,108,707)	42,229,131
Gilts and Bonds	13,716,484	(196,343)	-	(2,043,527)	11,476,614
Off-shore collective investment schemes	32,934,661	3,546,026	-	-	36,480,687
	91,442,537	**2,474,442**	**3,421,687**	**(7,152,234)**	**90,186,432**

Notes to the Annual Financial Statements

11. Payables from exchange transactions

	2024	2023
Trade payables	12,000,260	12,717,726
Accrued leave pay	34,946,979	34,252,469
Other payables	1,019,333	9,610,037
Accruals	14,623,214	17,606,158
	62,589,786	**74,186,390**

12. Payables from non-exchange transactions

National Treasury	35,529,235	79,819,085
Financial Services Tribunal	10,812,927	-
Ombud Council	3,230,500	11,736,767
Office of the Ombud for FSPs	11,871,987	-
Office of the PFA	25,830	-
Unallocated receipts	560,646	22,245
	62,031,125	**91,578,097**

The R35 529 235 (2023: R79 819 085) relates to fines and penalties raised which is payable to National Treasury as per the FSR Act.

In terms of the Levies Administration Act the FSCA has the responsibility of collecting and administration of the financial sector levy and the special levy for the financial sector bodies. The balances reflected on the note indicate amounts invoiced and collected on behalf of the financial sector bodies and not transferred as at year end.

Unallocated receipts relate to funds received in the FSCA bank account without payment references.

13. Levies and fees received in advance

Levies received in advance	7,174,661	3,278,482
Fees received in advance	52,158,647	50,763,055
	59,333,308	**54,041,537**

In terms of the Levies Administration Act the FSCA the financial sector levy and the special levy for the financial sector bodies. Included in the levies received in advance balance is an amount of R646 146 (R2023: 0) relating to the other financial sector bodies as at year end.

Notes to the Annual Financial Statements

14. Provisions

Reconciliation of provisions - 31 March 2024

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonus	42,453,830	46,562,979	(42,453,830)	-	46,562,979
Provision for legal fees	1,620,000	730,000	(870,000)	-	1,480,000
Provision for VAT	577,375	-	-	(185,893)	391,482
Provision for long service awards	6,274,908	4,996,317	(882,000)	-	10,389,225
	50,926,113	**52,289,296**	**(44,205,830)**	**(185,893)**	**58,823,686**

Reconciliation of provisions - 31 March 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Provision for bonus	16,501,908	42,453,830	(16,501,908)	-	42,453,830
Provision for legal fees	1,083,748	1,224,230	(294,230)	(393,748)	1,620,000
Provision for VAT	2,592,249	-	(2,014,874)	-	577,375
Provision for long service awards	6,280,349	1,308,559	(1,314,000)	-	6,274,908
	26,458,254	**44,986,619**	**(20,125,012)**	**(393,748)**	**50,926,113**

Non-current liabilities	8,163,224	5,290,907
Current liabilities	50,660,462	45,635,206
	58,823,686	**50,926,113**

Notes to the Annual Financial Statements

15. Post-retirement benefit obligations (Medical Aid Fund)

The FSCA recognises a liability in respect of post-retirement medical aid benefits for pensioners as at 1 January 1998 and eligible employees who were then in service, assuming that the cost of the benefit is recognised in full for existing pensioners and is spread equally over each employee's service period within the FSCA prior to retirement for employees currently in service. The FSCA is not liable for post-retirement medical aid benefits in respect of employees employed after 1 January 1998. The fund is recognised as a defined benefit plan.

The actuary evaluates the liability on an annual basis, allowing for expected future medical cost inflation, investment returns, staff turnover and mortality. The FSCA contributes 100% of the medical aid contribution for its retired employees as well as 100% of the future medical aid contributions for their spouses and dependants. The last actuarial valuation of this liability was performed on 31 March 2024. It is the policy of the FSCA to match this liability with appropriate non-current investments and short-term notice deposits. Accordingly, the funds have been placed with an asset management company for investment in accordance with long-term prudential principles.

For disclosure purposes, an amount of R10 883 696 (2023: R17 033 981) representing cash on call, has been included in cash and cash equivalents. A certain portion of the post-retirement medical aid is payable within twelve months, however the value thereof is not readily determinable and thus the full liability has been disclosed as non-current. The main actuarial assumption is a long-term increase in health costs of 11.03% a year (2023: 9.36%).

Amounts recognised in the statement of financial position were determined as follows:

	2024	2023
Present value of unfunded obligations	68,406,694	63,569,232

The movement in the present value of the unfunded obligation for the year is as follows:

Opening balance	63,569,232	57,176,969
Current service cost	621,826	627,721
Interest cost	8,329,887	6,692,603
Benefit paid	(3,979,381)	(3,316,659)
Actuarial (gain)/loss	(134,870)	2,388,598
	68,406,694	**63,569,232**

The amounts recognised in the statement of financial performance areas follows:

Current service cost	621,826	627,721
Interestcost	8,329,887	6,692,603
Benefitpaid	(3,979,381)	(3,316,659)
Net actuarial (gain)/loss	(134,870)	2,388,598
	4,837,462	**6,392,263**

Notes to the Annual Financial Statements

15. Post-retirement benefit obligations (Medical Aid Fund) (continued)

The principal assumptions used were as follows:

Financial assumptions

Discount rate:	15.20%	(2023:13.34%) per annum.
Rate of medical aid contribution increases:	11.03%	(2023:9.70%) per annum.
Rate of general price inflation:	9.53%	(2023:8.20%) per annum.

Mortality assumptions

Mortality - Active employee

Before retirement:	Nil
After retirement:	PA (90) Mortality Tables with an age reduction of two years.

Mortality assumptions

Mortality- Pensioners

PA (90) Mortality Tables with an age reduction of two years
The effects of a 1% movement in the assumed medical cost trend rate areas follows.

	Decrease	Increase
Effect on the aggregate service cost and interest cost	(9,704)	11,906
Effect on the accumulated benefit obligation	(6,083,947)	7,072,232
	(6,093,651)	**7,084,138**

	2024	2023	2022	2021	2020
Present value of funded obligations recognised in the statement of financial position	68,406,694	63,569,232	57,176,969	51,660,126	46,298,280

16. Post retirement benefit obligation (Pension Fund)

The pension fund for permanent employees of the FSCA is registered in terms of the Pension Fund Act, 1956 (Act No. 24 of 1956). Prior to April 2000, the fund was a defined benefit plan for the benefit of all employees. New employees who joined the fund on or after 1 April 2000 were entitled to receive retirement and resignation benefits from the accumulation of defined contributions. Employees who were in the employ at 31 March 2000 were entitled to the higher of either the defined contribution accumulation to the date of exit or the value of the defined benefit applicable on exit in terms of the rules inforce as at 31 March 2000.

In the 2018 financial year the Trustees took a decision to implement the restructuring of all active members entitled to a defined benefit underpin to a pure defined contribution basis effective 1 January 2017. Due to the restructuring, there are no active current employees who are in the defined benefit underpin. The fund currently has 25 (2023: 22) pensioners, the benefits of whom are regarded as a defined obligation. An actuarial valuation of the benefit obligation was performed on 31 March 2024.

Notes to the Annual Financial Statements

16. Post retirement benefit obligation (Pension Fund) (continued)

The amounts recognised in the statement of financial position were determined as follows:

	2024	2023
Carrying value		
Present value of the defined benefit obligation	109,010,000	70,103,000
Fair value of plan assets	(123,715,000)	(78,926,000)
Funded status	(14,705,000)	(8,823,000)
Asset not recognised	14,705,000	8,823,000
	-	-
Changes in the present value of the defined obligation are as follows:		
Opening balance	70,103,000	69,187,000
Interest costs	10,759,000	7,312,000
Actuarial (gains)/loss	(7,300,000)	(1,095,000)
Benefits paid	(9,248,000)	(7,338,000)
New pensioners	44,696,000	2,037,000
	109,010,000	**70,103,000**
Changes in the fair value of plan asset are as follows:		
Opening balance	78,926,000	78,143,000
Expected return	11,840,000	8,297,000
Actuarial gains/(loss)	(2,499,000)	(2,213,000)
Benefits paid	(9,248,000)	(7,338,000)
New pensioners	44,696,000	2,037,000
	123,715,000	**78,926,000**
Components of pension costs for the year are as follows:		
Interestcost	10,759,000	7,312,000
Actuarial (gain)/loss	(11,840,000)	1,118,000
Change in asset restriction	(4,801,000)	(133,000)
Expected return on plan asset	5,882,000	(8,297,000)
	-	-
Calculation of actuarial gains and losses		
Actuarial (gains)/losses – Obligation	(7,300,000)	(1,095,000)
Actuarial (gains)/losses – Planassets	(2,499,000)	(2,213,000)
	(9,799,000)	**(3,308,000)**

Notes to the Annual Financial Statements

16. Post retirement benefit obligation (Pension Fund) (continued)

Assumptions used at the reporting date

Assumptions regarding the future mortality experience are set, based on advice, published statistics and experience. The average life expectancy in years of a pensioner retiring at the age of 63 at the reporting date is as follows:

	Average life expectancy 2024	Average life expectancy 2023
Male	17 years and 4 months	17 years and 4 months
Female	21 years and 8 months	21 years and 8 months

	2024	2023	2022	2021	2020
Defined benefit obligation	109,010,000	70,103,000	69,187,000	64,869,000	45,620,000
Fair value of plan assets	(123,715,000)	(78,926,000)	(78,143,000)	(74,530,000)	(48,970,000)
Statement of financial position restriction	**14,705,000**	**8,823,000**	**8,956,000**	**9,661,000**	**3,350,000**

Discount rate: This is set having regard to the market yield on government bonds, using a weighted average discount rate that reflects the timing and amount of benefit payments. A rate of 14.12% per annum has been used (A rate of 12.52% was used at 31 March 2023).

Long-term price inflation rate: We have assumed a long-term future inflation rate of 7.26% per annum. This was calculated to reflect the difference between the yields on nominal government bonds and index-linked government bonds (at the appropriate duration) after allowing for an inflation risk premium of 0.50% on the basis that nominal bond yields include an inflation risk premium (being the additional return an investor seeks in compensation for the inflation risk taken on) and therefore that the implied inflation rate is lower than that suggested by the differential between nominal and index-linked bond yields (6.28% used at 31 March 2023).

Pension increases: It has been assumed that pension increases will take place at a rate of 5.44% per annum (4.71% used at 31 March 2023). This represents some 75% of the expected inflation rate above and is in line with Pension Increase Policy of the Fund.

Expected return on plan assets: It has been assumed that the long-term expected return on plan assets is equal to the discount rate of 14.12% per annum, following the approach adopted in the previous disclosure. This is consistent with the approach set out in the IAS 19 revised 2011. GRAP 25 indicates that “the expected return on plan assets is based on the market expectations, at the beginning of the reporting period, for returns over the entire life of the related obligation”. It could be argued that on a risk-adjusted basis, it is reasonable to set this rate equal to the discount rate, but the employer may wish to consider the implications of this assumption and its consistency with the requirements of the GRAP 25 standard.

Pension expenses: Allowance is made for the cost of the administration of the pensioners’ records in the pensioner liability at a rate of R40.02 plus vat per pensioner per month.

Notes to the Annual Financial Statements

16. Post retirement benefit obligation (Pension Fund) (continued)

Experience adjustments	2024	2023	2022	2021	2020
Pensioners liabilities at the end of the year	109,010,000	70,103,000	69,187,000	64,869,000	45,620,000
Combined assets at end of year	(123,715,000)	(78,926,000)	(78,143,000)	(74,530,000)	(48,970,000)
	(14,705,000)	**(8,823,000)**	**(8,956,000)**	**(9,661,000)**	**(3,350,000)**
Gain/(loss) on liabilities through experience	(1,584,000)	(4,282,000)	(205,000)	1,072,000	(1,493,000)
Gain/(loss) on liabilities through assumptions	8,884,000	5,377,000	76,000	(2,628,000)	6,237,000
	7,300,000	**1,095,000**	**(129,000)**	**(1,556,000)**	**4,744,000**
Gain/(loss) on plan assets	2,499,000	(2,213,000)	(1,677,000)	7,469,000	(10,105,000)

17. Contingency reserve

	2024	2023
Opening balance	95,787,000	90,641,636
Change during the year	-	5,145,364
Transfer to accumulated surplus	(95,787,000)	-
	-	**95,787,000**

With the promulgation of the Levies Act effective 1 April 2023 the contingency reserve is no longer applicable resulting in the balance being transferred to the accumulated surplus.

18. Discretionary reserve

Opening balance	57,729,426	45,144,375
Transfer(to)/from accumulated	(57,729,426)	12,585,051
	-	**57,729,426**

The transfer (to)/from accumulated funds for the prior year, as reflected in the statement of changes in net assets is calculated as follows.

Income from fines and penalties	-	21,644,000
Provisions	-	(4,527,689)
Interest allocated to this reserve	-	3,465,138
Expenses in respect of consumer education	-	(11,491,398)
Reversal of provision	-	3,495,000
	-	**12,585,051**

With the promulgation of the Levies Act effective 1 April 2023 the discretionary reserve is no longer applicable resulting in the balance being transferred to the accumulated surplus.

Notes to the Annual Financial Statements

19. Financial assets by category

The accounting policies for financial instruments have been applied to the line items below.

2024	Financial at amortised cost	Fair value through surplus or deficit	Total
Financial assets at fair value	-	107,298,260	107,298,260
Receivables	13,943,402	-	13,943,402
Cash and cash equivalents	687,850,285	-	687,850,285
	701,793,687	**107,298,260**	**809,091,947**

2023	Financial at amortised cost	Fair value through surplus or deficit	Total
Financial assets at fair value	-	90,186,432	90,186,432
Receivables	12,297,418	-	12,297,418
Cash and cash equivalents	566,283,996	-	566,283,996
	578,581,414	**90,186,432**	**668,767,846**

20. Financial liabilities by category

2024	Other financial liabilities	Total
Payables	27,642,809	27,642,809

2023	Other financial liabilities	Total
Payables	39,933,921	39,933,921

Notes to the Annual Financial Statements

21. Credit quality of receivables

Trade receivables

	2024	2023
Group 1	957,635,147	59,473,481
Group 2	1,627,715	85,293,499
Group 3	256,796,343	130,481,787
	1,216,059,205	**275,248,767**

Group 1 - debtors outstanding for less than 90 days and with no defaults.
Group 2 - new debtors outstanding for more than 90 days and with no defaults.
Group 3 - existing debtors outstanding for more than 90 days and with some defaults.

The total gross carrying amount of the impaired receivables as at reporting date R1 201 224 765 (2023: R251 679 556) and the associated total impairment is R1 136 361 249 (2023: R163 372 063) see note 4, 5and 6. Of these debtors, the recovery of R160 110 153 (2023: R95 759 109) has been handed over for collection. Refer to the accounting policy note 1.4 for factors management considered in determining receivables impairment.

Cash and short-term deposits are held with banking institutions and the CPD and are regarded as having low credit risk. The FSCA invests its surplus cash in the short term deposits accounts with CPD. The interest rates on these accounts fluctuate in line with the movements in current money market rates.

22. Revenue from exchange transactions

Fees and service charges	36,276,279	27,960,181
Legal fees and other cost recoveries	38,318,803	11,992,137
Interest received	44,768,158	35,702,838
Dividends received	1,772,507	2,285,655
Other income	5,304,677	4,896,246
Compensation from insurance	539,846	114,426
	126,980,270	**82,951,483**

23. Revenue from non-exchange transactions

FSCA Levies	963,529,094	785,647,877
PFA Levies	-	82,814,820
FAIS Ombud Levies	-	61,447,120
Penalties	367,500	21,644,000
Other income	5,897,843	4,212,786
	969,794,437	**955,766,603**

Notes to the Annual Financial Statements

24. Related parties

Related party balances

Year-end balances due (to)/by related parties

	2024	2023
Office of the Pension Fund Adjudicator	1,001,556	(3,380,229)
Office of the Ombud for Financial Services Providers	(7,173,531)	(5,334,910)
Financial Services Tribunal	(9,711,053)	9,571,811
National Treasury	(27,834,533)	(79,819,085)
South African Reserve Bank	-	920,992
Ombud Council	(2,476,631)	(11,736,767)
	(46,194,192)	**(89,778,188)**

Funds provided to the Office of the Pension Fund Adjudicator in terms of section 30R (1) (a) of the Pension Funds Act, No.24 of 1956 as amended

Contribution towards funding of the office	-	82,729,529
		-

Funds provided to the Office of the Ombud for Financial Services Providers in terms of section 22 (1)(a) of the Financial Advisory and Intermediary Services Act, No 37 of 2002]

Contribution towards funding of the office	-	60,884,242

Income/(Payments) to/from related parties

Income received for ICT services to Pension Fund Adjudicator	5,125,254	4,798,927
Payments for Financial Services Tribunal	-	(15,731,199)
	5,125,254	**(10,932,272)**

The Levies Act came into effect on 1 April 2023 to provide for the funding of the FSCA, the Tribunal, the Ombud Council, the Office of the Pension Funds Adjudicator and the Office of the Ombud for Financial Services Providers (the financial sector bodies). In terms of the Levies Administration Act the FSCA is responsible for administering the invoicing and collection of levies for the financial bodies.

The FSCA, National Treasury and other listed entities above are within the sphere of national government.

Notes to the Annual Financial Statements

24. Related parties (continued)

Management class: Governance committee fees

31 March 2024

Name	Human Resources and Remuneration Committee fees	Audit Committee fees	Risk Committee fees	Social and Ethics	Other	Total
T Ajam	-	74,359	80,825	-	6,466	161,650
V Balgobind	42,029	-	-	-	-	42,029
V Barthus (Appointed 1 July 2023)	61,427	-	-	-	-	61,427
N Esterhuizen	-	93,757	80,825	-	45,900	220,482
S Hamdulay (Appointed 1 July 2023)	-	-	-	38,796	-	38,796
T Kharametsane (Appointed 1 July 2023)	38,796	-	-	-	-	38,796
PR Koch (resigned 30 July 2023)	-	-	19,398	-	-	19,398
SM Malatji (term ended 30 June 2023)	-	-	19,398	-	-	19,398
K Mofuoa (Appointed 1 July 2023)	-	-	-	38,796	-	38,796
J Mogadime	16,165	93,757	-	-	6,466	116,388
P Mokgobu (Appointed 1 July 2023)	16,165	-	-	38,796	-	54,961
L Molebatsi (Appointed 1 July 2023)	54,961	-	-	-	-	54,961
D Msomi	37,180	-	-	44,615	91,090	172,885
P Mvulane	-	80,825	-	-	6,466	87,291
L Ntuane (Appointed 1 July 2023)	-	-	61,427	-	4,849	66,276
V Pangwa (Appointed 1 July 2023)	-	-	71,126	-	-	71,126
TL Randall	54,961	-	-	-	-	54,961
L Senne	-	74,359	-	-	6,466	80,825
PJ Sutherland	67,893	-	-	-	3,233	71,126
	389,577	**417,057**	**332,999**	**161,003**	**170,936**	**1,471,572**

Notes to the Annual Financial Statements

24. Related parties (continued)

31 March 2023

Name	Human Resources and Remuneration Committee fees	Audit Committee fees	Risk Committee fees	Other	Total
T Ajam	-	-	64,660	-	64,660
V Balgobind	45,262	-	-	-	45,262
N Esterhuizen	-	100,223	84,058	-	184,281
PR Koch	-	-	84,058	-	84,058
SM Malatji	-	-	84,058	-	84,058
J Mogadime	56,578	100,223	-	-	156,801
EP Mogobu	56,578	-	-	-	56,578
HL Molebatsi	58,194	-	-	-	58,194
D Msomi	131,987	-	-	20,449	152,436
P Mvulane	-	100,223	-	-	100,223
TL Randall	58,214	-	-	-	58,214
HM Ratshefola	56,578	71,126	61,425	10,507	199,636
L Senne	-	100,223	-	-	100,223
PJ Sutherland	114,772	-	-	-	114,772
	578,163	**472,018**	**378,259**	**30,956**	**1,459,396**

Notes to the Annual Financial Statements

24. Related parties (continued)

Management class: Executive management

31 March 2024

Name	Basic Salary	Incentive Bonus	Leave commutation	Longservice award	Total
U Kamlana, Commissioner	5,616,000	-	-	-	5,616,000
A Ludin, Deputy Commissioner	4,576,000	-	-	-	4,576,000
KL Gibson, Deputy Commissioner	4,576,000	-	-	-	4,576,000
F Badat, Deputy Commissioner	4,576,000	-	-	-	4,576,000
JJR Hlalethoa, DE: Corporate Center	4,470,787	380,000	229,769	-	5,080,556
LP Kekana, CFO	4,245,555	400,000	240,655	-	4,886,210
P Mogase, CIO	3,474,296	360,000	69,584	6,000	3,909,880
FM Mabaso, DE: Licensing	3,587,211	340,000	271,117	-	4,198,328
K Dikokwe, DE: Conduct of Business Supervision	3,474,296	140,000	-	-	3,614,296
O Makhubela, DE: Retirement Funds Supervision	3,865,676	468,000	266,452	6,000	4,606,128
GJ van Deventer, DE: Investigations and Enforcement	3,633,722	263,000	-	-	3,896,722
R Mpete, CRO	2,376,419	187,304	-	-	2,563,723
	48,471,962	**2,538,304**	**1,077,577**	**12,000**	**52,099,843**

Management class: Executive management

31 March 2023

Name	Basic Salary	Incentive Bonus	Leave commutation	Longservice award	Total
U Kamlana, Commissioner	5,200,000	-	-	-	5,200,000
A Ludin, Deputy Commissioner	4,160,000	-	-	-	4,160,000
KL Gibson, Deputy Commissioner	4,160,000	-	-	-	4,160,000
F Badat Deputy Commissioner	4,160,000	-	-	-	4,160,000
JJR Hlalethoa, DE: Corporate Center	4,217,724	156,250	219,632	-	4,593,606
LP Kekane, CFO	4,005,241	156,250	257,304	-	4,418,795
P Mogase, CIO	3,277,638	187,500	105,033	-	3,570,171
FM Mabaso, DE: Licensing	3,384,161	132,813	89,520	30,000	3,636,494
K Dikokwe, DE: Conduct of Business Supervision	3,277,638	132,813	136,246	-	3,546,697
O Makhubela, DE: Retirement Funds supervision	3,646,864	132,813	192,938	-	3,972,615
BR Topham, DE: Investigations and Enforcement (resigned November 2022)	2,761,222	134,374	325,673	-	3,221,269
GJ van Deventer, DE: Investigations and Enforcement (appointed on 1 September 2022)	2,088,346	105,660	-	-	2,194,006
RP Mpete, CRO	2,201,001	72,433	84,720	-	2,358,154
	46,539,835	**1,210,906**	**1,411,066**	**30,000**	**49,191,807**

Notes to the Annual Financial Statements

25. Auditors' remuneration

	2024	2023
Current year-interim fee	504,414	530,921
Prior year audit fees	3,436,814	3,108,839
	3,941,228	**3,639,760**

26. Other operating expenses

Travelling costs	10,693,282	6,483,545
Telephone and datalines	7,451,472	9,192,451
Advertising and publications	20,010,116	21,555,641
Membership fees	6,826,597	5,716,677
Computer support, maintenance and licensing costs	41,860,013	47,513,033
Security and cleaning	5,561,926	4,363,900
Repairs and maintenance	2,837,852	4,222,207
Insurance	3,374,500	3,075,313
Other general expenses	11,466,361	9,485,330
	110,082,119	**111,608,097**

27. Impairment loss

Current year provision	34,818,592	19,994,719
Reversal of prior year provision	(50,379)	(9,544,659)
	34,768,213	**10,450,060**

Notes to the Annual Financial Statements

28. Reconciliation of surplus for the year to net cash flows from operating expenses

	2024	2023
Surplus (deficit)	158,734,732	(9,524,987)
Adjustments for:		
Depreciation and amortisation	14,391,614	17,435,006
Loss on sale of assets	1,089,472	162,688
Fair value adjustment	(7,147,817)	(2,474,442)
Impairment loss	34,768,213	10,450,060
Movements in operating lease assets and accruals	(7,679,690)	(11,237,017)
Movements in post-retirement benefit medical expenses	4,837,462	6,392,263
Changes in working capital:		
(Increase)/Decrease in receivables	(2,587,591)	(35,983,278)
Decrease in prepayments	(7,930,733)	2,204,710
Increase/(Decrease) in payables	(41,143,577)	16,061,826
Increase in levies and fees received in advance	5,291,771	2,387,295
Increase in provisions	7,897,573	24,467,859
	160,521,429	**20,341,983**

29. Taxation

The FSCA is exempt from income tax in terms of Section 10(1) (cA)(i)(bb) of the Income Tax Act, 1962 (Act No. 58 of 1962)

Notes to the Annual Financial Statements

30. Commitments

Authorised capital expenditure

Already contracted for but not provided for

	2024	2023
■ Property, plant and equipment	11,723,115	2,498,739

Not yet contracted for and authorised

	2024	2023
■ Property, plant and equipment	40,684,774	29,071,235
■ Intangible assets	99,824,500	130,870,666
	140,509,274	**159,941,901**

Total capital commitments

	2024	2023
Already contracted for but not provided for	11,723,115	2,498,739
Not yet contracted for and authorised	140,509,274	159,941,901
	152,232,389	**162,440,640**

Total commitments

	2024	2023
Total commitments		
Authorised capital expenditure	**152,232,389**	**162,440,640**

Operating leases commitments

	2024	2023
Minimum lease payments due for Block B		
- within one year	20,522,485	26,867,881
- in second to fifth year inclusive	12,380,231	-
	32,902,716	**26,867,881**

	2024	2023
Minimum lease payments due for Block C 2nd floor		
- within one year	-	3,412,410
Minimum lease payments due for Block C Ground & 1st floor		
- within one year	-	7,877,632
Minimum lease payments due for Block C 3rd floor		
- within one year	-	2,447,311

During the financial year the lease agreement for Block B and C came to an end. The agreement for Block B was renewed for a further 24 months.

Notes to the Annual Financial Statements

30. Commitments (continued)

Office equipment leases

The FSCA leases some of its office equipment through National Treasury's transversal contract. The period of the lease is 36 months with no escalations attached to the lease agreement.

	2024	2023
Minimum lease payments due		
- within one year	425,977	312,058
- in second to fifth year inclusive	428,148	58,994
	854,125	**371,052**

31. Contingent liabilities

The FSCA has no contingent liabilities.

32. Assets administered on behalf of third parties

In terms of Section 82(4) of the Financial Markets Act 19 of 2012, amounts recovered by the FSCA from civil action activities are transferred to a special trust account designated for this purpose, as such recoveries do not form part of the normal operating activities of the FSCA. The balance of the Insider Trading account at the end of the year was R6 015 723 (2023: R5 588 708)

33. Change in estimate

Impact of changes in accounting estimate		
Increase in net surplus	7,119,546	4,298,412
Decreasei n depreciation of property,plant and equipment	(5,425,606)	(2,930,490)
Decrease in amortisation on intangible assets	(1,693,940)	(1,367,922)
	-	-

In the current year management re-assessed the remaining useful lives and residual values of property, plant and equipment and intangible assets. The change in estimate is applied prospectively. The effect of this assessment has decreased the depreciation and amortisation charges in the current period and increased the depreciation and the amortisation charges for future periods by R5 425 606 (2023: R2 930 490) and R1 693 940 (2023: R1 367 922) respectively.

Notes to the Annual Financial Statements

34. Prior period errors

During the 2023/24 financial year there were some operating expenses discovered relating to prior periods. The errors have been corrected by restating each of the affected financial statements line items for prior periods.

The effect of the adjustments are as follows:

	2024	2023
Statement of Financial Position		
Decrease in opening accumulated surplus- 1 April 2022	-	19,330
Increase in accounts payable from exchange transactions	-	(1,441,421)
Decrease in accounts receivable from exchange transactions	-	(268,114)
Statement of financial performance		
Increase in other operating expenses	-	573,374
Increase in legal fees	-	838,089
Increase in professional and consulting fees	-	278,742
Cash Flow Statement for the ended 31 March 2024		
Deficit for the year as per previous financial statements		
Deficit for the year as per previous financial statements	-	(7,834,782)
Prior year adjustment	-	(1,690,205)
Restated deficit for the year	**-**	(9,524,987)

There was no impact on the cash flow statements for the prior periods.

35. Accounting by principals and agents

The FSCA is a party to a principal-agent arrangements and is acting as an agent.

Details of the arrangements are as follows:

The Levies Act came into effect on 1 April 2023 to provide for the funding of the FSCA, the Tribunal, the Ombud Council, the Office of the Pension Funds Adjudicator and the Office of the Ombud for Financial Services Providers (the financial sector bodies). In terms of the Levies Administration Act the FSCA is responsible for administering the invoicing and collection of levies for the financial bodies. For the financial year under review the FSCA did not receive any compensation for the transactions carried out on behalf of the principals.

The balances owing by the FSCA to the principals will be remitted before end of June 2024.

In terms of section 167 of the FSR Act, the FSCA is responsible for administering the invoicing and collection of penalties on behalf of National Treasury. Amounts recovered by the FSCA for penalties are paid into the National Revenue Fund.

Included below are the transactions undertaken, disbursements made and balances outstanding as at 31 March 2024.

Notes to the Annual Financial Statements

35. Accounting by principals and agents (continued)

Entity as agent

2024

	Office of the Pension Fund Adjudicator	Office of the Ombud for Financial Services Providers	Ombud Council	Financial Services Tribunal	National Treasury	Total
Levies/Penalties invoiced	88,858,855	84,218,712	24,114,146	37,847,464	892,197,288	1,127,236,465
Interest on overdue accounts	59,245	316,701	33,708	60,182	22,056,495	22,526,331
Amounts received on behalf of the principal (remitted)	44,959	-	-	-	-	44,959
Amounts received on behalf of the principal	(88,909,222)	79,183,847	23,205,490	36,457,840	13,647,698	63,585,653
Amounts remitted to the principal	(88,909,222)	(72,010,316)	(20,728,859)	(26,746,787)	-	(208,395,184)
Amounts to be received on behalf of the principal (receivables)	55,882	5,828,309	1,023,004	1,536,522	1,080,106,764	1,088,550,481
Levies received in advance	(2,046)	(476,743)	(80,640)	(86,716)	-	(646,145)
Impairment loss	(28,006)	(653,110)	(188,493)	(347,933)	(1,072,412,061)	(1,073,629,603)
Revenue Loan Account	(25,830)	(11,871,987)	(3,230,500)	(10,812,927)	(35,529,235)	(61,470,479)
	-	-	-	-	-	-

Resources held on behalf of the principals, but recognised in the entity's own financial statements

Resources amounting to R208 395 184 were remitted to the principals during the period.

Expected timing of remittance of remaining resources to the principal as disclosed in the table below, will be before end of June 2024.

	Office of the Pension Fund Adjudicator	Office of the Ombud for Financial Services Providers	Ombud Council	Financial Services Tribunal	National Treasury
Opening balance	-	-	-	-	(14,186,835)
Debtors	55,882	5,828,309	1,023,004	1,536,522	1,094,293,598
Levies received in advance	(2,046)	(476,743)	(80,640)	(86,716)	-
Provision	(28,006)	(653,110)	(188,493)	(347,933)	(1,072,412,061)
Revenue Loan Account	(25,830)	(11,871,987)	(3,230,500)	(10,812,927)	(35,529,235)
	-	**(7,173,531)**	**(2,476,629)**	**(9,711,054)**	**(27,834,533)**

Notes to the Annual Financial Statements

36. Irregular expenditure

	2024	2023
Opening balance as previously reported	-	1,046,782
Less: removed in the prior year	-	(1,046,782)
Closing balance	**-**	**-**

2023: The irregular expenditure relates to the renewal of software licences with the Original Equipment Manufacturer (OEM).A conditional award was made to the bidder before a purchase order could be issued. The bidder subsequently complied with all the terms and conditions at the time the purchase order was issued.

The FSCA derived value from the services and there was no financial loss or criminality identified during the investigation. As a result the Accounting Authority condoned the irregular expenditure in line with the irregular expenditure framework.

37. Service received in-kind

The FSCA received services in kind in the form of free training from various organisations which are not significant to operations.

38. Budget differences

Material differences between budget and actual amounts

The budgetary basis and classification adopted are the same as those applied in the preparation of the financial statements. The approved budget covers the period from 1 April 2023 to 31 March 2024.

Revenue from exchange transaction

The favourable variance to budget is mainly as a result of higher interest earned from investments and other income not budgeted for.

Revenue from non- exchange transactions

The favourable variance to budget is mainly as a result of annual levy variable increases being higher than budget.

Advisory and other committee fees

The favourable variance is due to the number of meetings being less than anticipated.

Depreciation and Amortisation

The favourable variance is due to the deferment in the procurement of budgeted assets as well as the changes in the remaining useful life estimates.

Notes to the Annual Financial Statements

38. Budget differences (continued)

Legal fees

The favourable variance is mainly due to the number of cases being less than budgeted.

Governance committee fees

The favourable variance is mainly due to number of meetings being less than anticipated.

Other operating expenses

The favourable variance is mainly due to less spending on credential verification, travel and computer support and licences costs.

External audit fees

The external audit fees are based on the external auditor's budget submitted by the external auditors.

Internal audit fees

The favourable variance is as a result of the delay in the appointment of the internal auditors.

Professional and consulting fees

The favourable variance isdue to less outsourcing of activities than anticipated in the year under review.

Operating lease rentals - Building

The favourable variance is due to lower renegotiated rental rates as compared to budget.

Impairment loss

Impairment losses are not budgeted for due to the uncertainty surrounding the recoverability of receivables.

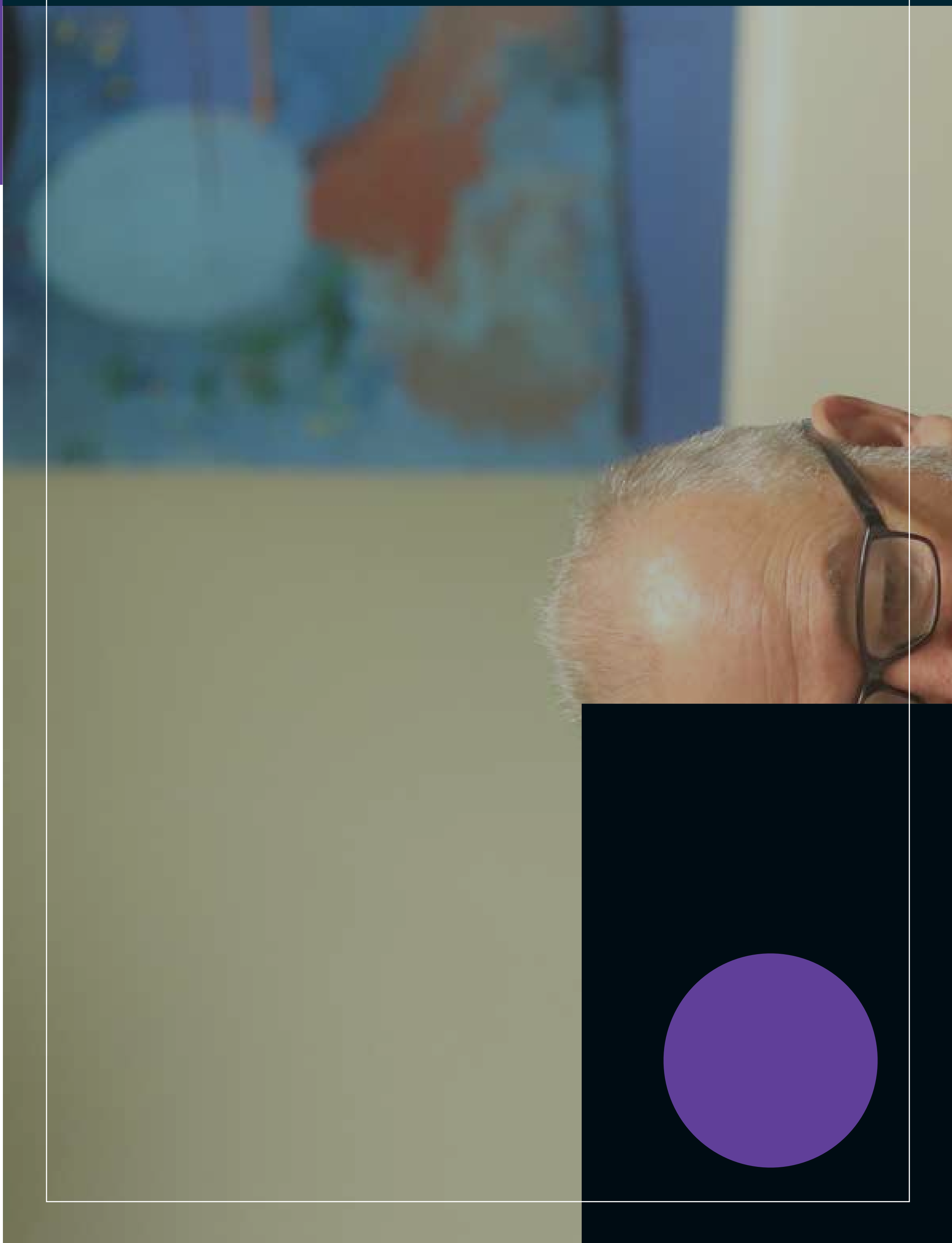
Fair value adjustment

The fair value adjustment relates to the portfolio earmarked for the post-retirement medical fund liability which is not budgeted due to unpredictable changes in the market.

Post Retirement Medical Aid fund expense

The post-retirement medical aid fund expense is not budgeted for as it is dependent on the annual actuarial valuation.


FSCA
FSCA
Financial Sector
Conduct Authority



Part I

PFMA Compliance Report

In this chapter

- Procurement by other means
- Contracts, variations and expansions
- Payment of suppliers' invoices

REPORTING OF PROCUREMENT BY OTHER MEANS					
No	**Project Description**	**Name of Supplier**	**Contract Number**	**Reason for the procurement by other means**	**Value of contract**
1	Renewal of Commvault backup management licence and software and provision of 6TB capacity licences	Data Management Professionals South Africa (Pty) Ltd	FSCA202223-DM002	Limited bidding process	R7,167,703.90
2	Provision of F5 licence subscription and support	NEC XON Systems (Pty) Ltd	FSCA202223-DM005	Limited bidding process	R5,662,204.10
3	Money Smart Week South Africa Radio Campaign	South African Broadcasting Corporation (SABC)		SABC is the only media house with that develops educational contenet. SABC has radio stations to reach a wide rage of listeners	R1,500,000.00
4	Renewal of Ivanti enterprise service management software licence and support	Blue Turtle Technologies (Pty) Ltd		Limited bidding process	R1,423,463.54
5	Annual software license maintenance	Magix Integration (Pty) Ltd	FSCA202324-D001	Sole Source	R2,361,097.76
6	Implementation of Identity and Access Management	Microfocus		Single Source (Original Equipment and license provider)	R9,324,723.27

REPORTING OF EXPANSIONS AND VARIATIONS OF CONTRACTS							
No	**Project Description**	**Name of Supplier**	**Contract Number**	**Reason for expansion or variation of contract**	**Original contract value**	**Value of contract expansion or variation**	**Value of previous contract expansion or variation**
1	Provision of call centre services	EOH Abantu (Pty) Ltd	FSCA201920-SLA09	To finalise current ongoing tender process	R16,980,555.07	R462,254.60	R1,849,018.40
2	Panel of legal services	Panel	FSB201718-SLA14-01	Finalisation of procurement process	Rate based	Rate based	N/A
3	Provision of Sage system implementation, licensing, maintenance and support services at the FSCA for a period of five years.	Acctech 4Sight Africa JV	FSCA202223-SLA08	Procurement of additional support	R13,251,389	R639,919.80	R529,878.30
4	Provision of internal audit services	Ngubane and Co Incorporated	FSCA201819-SLA09	Probity audit	R6,204,456.00	R486,426.40	R894,637.07
5	Provision of SupplyFlow Sigma Link licensing, support and maintenance services entered	Electronic Supply Chain And Procurement Enterprise (Pty) Ltd	FSCA202324-SLA01	Software updates are required	R1,958,758.33	R287,666.43	n/a

REPORTING OF EXPANSIONS AND VARIATIONS OF CONTRACTS							
No	**Project Description**	**Name of Supplier**	**Contract Number**	**Reason for expansion or variation of contract**	**Original contract value**	**Value of contract expansion or variation**	**Value of previous contract expansion or variation**
6	Trustee Toolkit Interactive E-Learning content development and packaging	Sygnify (Pty) Ltd	FSCA 2223 - SLA10	To include critical content changes,	R1,332 572.85	R199,000,00	n/a
7	Support and maintenance Services for SharePoint Portals	Akili IT Services (Pty) Ltd	FSCA2122-SLA019	Specialised skills required to redesign the website	R800,000.00	R136,500.00	n/a
8	Implementation of the SAGE Enterprise Resource Planning	AccTech 4Sight Africa JV	FSCA202223-SLA08	Additional system testing sessions	R13,251,389.00	R3,622.50	R33,206.25
9	Provision of business continuity management services	Dimension Data (Pty) Ltd	FSCA1920-SLA21	Provision of additional power to the DR environment	R7,643,765.88	R14,189.85	N/A
10	Provision of stationery and office consumables	Jabatha paper and stationery CC	FSCA201718-SLA038-1	Finalisation of tender process	Rate based	Rate based	n/a
11	Provision of stationery and office consumables	Bidvest office (Pty) Ltd	FSCA201718-SLA038-1	Finalisaation of tender process	Rate based	Rate based	n/a
12	Lease agreement for office space in Block B, Riverwalk Office Park	Mowana Properties (Pty) Ltd	FSB2016/17/005	In occupation	R305,657,177	R50,550,996.00	n/a
13	Replacement vehicle, VW Caddy Cargo 2.0TDI	Volkswagen of South Africa (Pty) Ltd	RT57-2022	Car model changed	R494,289.08	R551,272.18	n/a
14	Panel of legal services	Panel	FSB201718-SLA14-01	Finalisation of procurement process	Rate based	Rate based	Rate based
15	Panel of legal services	Panel	FSB201718-SLA14-01	Finalisation of procurement process	Rate based	Rate based	Rate based

INFORMATION ON PAYMENT OF SUPPLIER'S INVOICES		
DESCRIPTION	**NUMBER OF INVOICES**	**VALUE R**
Valid invoices received	3 356	402 716 677
Invoices paid within 30 days or agreed period	3 241	394 860 639
Invoices paid after 30 days or agreed period	179	1 186 639
Invoices older than 30 days or agreed period (unpaid and without dispute)	n/a	n/a
Invoices older than 30 days or agreed period (unpaid and in dispute)	n/a	n/a


We did it!
FSCA has been certified Top Employer 2024 by the Top Employer Institute.
We are Top Employer, because you are top employee!
FSCA
Financial Sector Conduct Authority
www.fsca.co.za

Part J

Annual Performance Report

We reported excellent performance by achieving

80% of our targets

during the year under review

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
STRATEGIC OBJECTIVE 1: IMPROVE INDUSTRY PRACTICES TO ACHIEVE FAIR OUTCOMES FOR FINANCIAL CUSTOMERS								
Good conduct and TCF principles embedded in financial institutions	Abbreviated version of regulation plan to promote good conduct and fair treatment of customers published	Date of publication of abbreviated version of rolling three-year regulation plan to promote good conduct and fair treatment of customers	New initiative	Publication on 30 June 2022.	Publication by 30 June 2023.	Achieved The abbreviated version of rolling three-year regulation plan was published by 30 June 2023.	N/A	N/A
		Percentage achievement of annual targets in the regulation plan to promote good conduct and fair treatment of customers.	New initiative	80.6% of annual targets achieved.	85% of annual targets achieved by 31 March 2024.	Achieved 94% of annual targets were achieved by 31 March 2024.	9%	Very effective prioritisation, planning and execution and working overtime where necessary, led to the over-performance.
	Combined supervisory plan approved.	Date of approval of the combined risk-based supervisory plan to promote good conduct and fair treatment of customers.	New initiative	Combined risk-based supervisory plan approved on 1 April 2022.	Combined risk-based supervisory plan approved by 1 April 2023.	Achieved A combined supervisory plan was developed and approved by 1 April 2023	N/A	N/A
Conduct Risk Mitigation	Training modules released.	Number of Trustee Toolkit training modules released by target date.	New initiative	New initiative	2 trustee training modules released by 31 March 2024.	Achieved 22 trustee training modules were released by 31 March 2024.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Conduct Risk Mitigation	Thematic reviews of financial customer risks published.	Number of market studies or industry reviews on financial customer risk published by target date.	New initiative	One market study or industry review published by 31 December 2022.	Publish one market study or industry review by 31 December 2023.	Not Achieved The market study or industry review report was published on 28 March 2024.	-1	The volume of data was higher than anticipated.
		Number of publications on financial customers risks.	New initiative	One publication (crypto assets) by 31 March 2023.	One Publication by 31 Mach 2024.	Achieved 1 publication on crypto assets was published on 30 November 2023.	N/A	N/A
	Report on emerging and systemic conduct risk.	Reports on emerging and systemic conduct risk published by target date. .	New initiative	One report published on emerging and systemic conduct risk by 31 March 2023.	Report published by 31 March 2024.	Achieved 1 report on emerging and systemic conduct risk was published on 22 March 2024.	N/A	N/A
STRATEGIC OBJECTIVE 2: ACT AGAINST MISCONDUCT TO SUPPORT CONFIDENCE AND INTEGRITY IN THE FINANCIAL SECTOR								
Improved trust in the financial sector	Abbreviated version of the Regulation Plan to promote market efficiency and integrity published.	Date of publication of abbreviated version of rolling three-year regulation plan to promote market integrity and efficiency.	New initiative	New initiative	Publication by 30 June 2023.	Achieved The abbreviated version of the rolling three-year regulation plan was published by 30 June 2023.	N/A	N/A
		Percentage achievement of annual targets in the regulation plan to promote market efficiency and integrity.	New initiative	New initiative	85% of annual targets achieved by 31 March 2024.	Not Achieved 81.8% of annual targets were achieved by 31 March 2024.	-3.2%	Planning for one publication was delayed.

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Improved trust in the financial sector	Combined risk-based supervisory plan approved.	Date of approval of the combined risk-based supervisory plan to promote market efficiency and integrity.	New initiative	New initiative	Combined risk-based supervisory plan approved by 1 April 2023.	Achieved A combined supervisory plan was developed and approved by 1 April 2023.	N/A	N/A
	Cases completed within the required timeframes.	Percentage of cases completed within the timeframes as per the framework for case selection and timeframes.	80% of cases completed within the timeframes as per the case selection policy and framework.	76.5% of cases completed within the timeframes as per the case selection policy and framework.	65% of cases completed within the timeframes as per the case selection policy and framework.	Achieved 79.94% of cases were completed within the timeframes as per the case selection.	+14.94%	Team cohesion and support has increased, including new resources being made available.
Improved trust in the financial sector	Report on the assistance provided to South African law enforcement agencies.	Percentage of requests from South African law enforcement agencies where assistance was provided.	New initiative	New initiative	Provide assistance to 90% of requests received from South African law enforcement agencies.	Achieved Assistance was provided for 100% of requests received from South African law enforcement agencies.	+10%	Systems and processes were put in place to ensure 100% achievement.
Improved trust in the financial sector	Report on the assistance provided to international regulators.	Percentage of requests from international regulators where assistance was provided.	New initiative	New initiative	Provide assistance to 100% of requests received from international.	Achieved Assistance was provided for 100% of requests received from international regulators within 30 days of receipt.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Improved trust in the financial sector	Annual enforcement roadshow with the industry and press to report on enforcement trends, stats, and case studies.	Number of annual enforcement roadshows with the industry and press to report on enforcement trends, statistics, and case studies.	New initiative	New initiative	One annual enforcement roadshow with industry and press by 31 March 2024.	Achieved One annual enforcement roadshow with industry and press was completed by 31 March 2024.	N/A	N/A
	Annual financial crime symposium conducted.	Number of annual financial crime symposium.	New initiative	New initiative	One annual financial crime symposium by 31 March 2024.	Achieved One annual financial crime symposium was conducted by 31 March 2024.	N/A	N/A
	Report on trust in the financial sector produced.	Number of reports produced on customer trust in the financial sector.	New initiative	New initiative	One report produced by 31 March 2024.	Achieved One report was produced by 31 March2024.	N/A	N/A
	Report on emerging and systemic market risks published.	Reports on emerging and systemic market risk published by target date.	New initiative	New initiative	Report published by 31 March 2024	Achieved One report on emerging and systemic market risk was published by 31 March 2024.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
STRATEGIC OBJECTIVE 3: PROMOTE THE DEVELOPMENT OF AN INNOVATIVE, INCLUSIVE AND SUSTAINABLE FINANCIAL SYSTEM								
Transformation in the financial sector supported	Thought leadership and industry coordination on financial sector transformation.	Number of Retirement Fund statistical publications issued annually.	New initiative	New initiative	Issue one Retirement Fund statistical publication by 31 March 2024.	Achieved One Retirement Fund statistical publication was issued by 31 March 2024.	N/A	N/A
		Number of research reports/thought leadership pieces published.	New initiative	One research report/thought leadership piece by 31 December 2022	One research report/thought leadership piece published 31 December 2023 (Buy now pay later research paper)	Achieved One research report/thought leadership piece was published by 31 December 2023 (Buy now pay later research paper)	N/A	N/A
	Small business regulatory support workshops/ webinars conducted.	Number of small business regulatory education and support workshops/ webinars conducted.	New initiative	52 webinars/ workshops conducted.	44 webinars/ workshops conducted.	Achieved 45 webinars/ workshops were conducted by 31 March 2024.	+1	There were a number of requests associated with awareness relating to South Africa's grey listing.
Financial inclusion of low-income households and small businesses deepened.	Completed awareness programmes to educate communities utilising banking services.	Number of awareness programmes held with communities utilising banking services by 31 December 2023.	New initiative	New initiative	Two awareness programmes held with communities utilising banking services.	Achieved Two awareness programmes were held with communities utilising banking services.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Financial inclusion of low-income households and small businesses deepened.	Financial customer experience and suitability of financial products and services tracked.	Number of surveys conducted or supported through syndicate membership by 31 March 2024.	New initiative	One survey conducted through syndicate membership by 31 March 2023.	One survey conducted by 31 March 2023.	Achieved One survey was conducted or supported through syndicate membership by 31 March 2024.	N/A	N/A
Greater competition and contestability in the financial sector enabled	Research reports on competition and contestability in the financial sector.	Number of research reports on competition and contestability in the financial sector published.	New initiative	New initiative	One research report on competition and contestability in the financial sector published by 31 March 2024.	Achieved One research report on competition and contestability in the financial sector was published by 31 March 2024.	N/A	N/A
	Position paper on Open Finance published.	Date of publication for position papers on Open Finance.	New initiative	Draft position paper on Open Finance published by 31 March 2023.	Final position paper on conduct in respect of Open Finance published by 31 March 2024.	Achieved The final position paper on conduct in respect of Open Finance was published by 31 March 2024.	N/A	N/A
Sustainable finance and investment fostered	Approach to sustainable finance and investment developed.	Publishing date for roadmap on sustainable finance and investment.	New initiative	Draft report (statement) on sustainable finance and investment published by 31 March 2023.	Final roadmap on sustainable finance and investment published by 30 September 2023.	Not achieved The final roadmap on sustainable finance and investment was published on 27 March 2024.	-5 months	Industry consultations took longer than anticipated.

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
STRATEGIC OBJECTIVE 4: EMPOWER HOUSEHOLDS AND SMALL BUSINESSES TO BE FINANCIALLY RESILIENT								
Financial customers empowered to make better financial decisions.	Financial decision-making and education tools and resources developed.	Number of financial education tools made available, and resources developed.	New initiative	One Feasibility assessment of financial education application conducted by 31 March 2023.	Three Pilot projects based on a feasibility assessment of Financial Education projects conducted by 31 March 2024.	Not achieved Zero Pilot projects based on feasibility assessment of Financial Education projects conducted by 31 March 2024.	-3 pilot projects.	■ A decision was taken to absorb the Chatbot project into the ICT project plan. ■ A decision was taken to rather do a feasibility study on the E learning platform as a result of the request for quotations process revealing gaps in the original needs assessment. ■ The SMME project had procurement delays.
			Five resources developed	21 new resources developed by 31 March 2023.	Three New resources developed by 31 March 2024.	Achieved Four New resources developed by 31 March 2024.	More than one new resources developed.	An additional internet resource for national Money Smart was created as a result of the system no longer being supported by the existing service provider.

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Financial customers empowered to make better financial decisions.	Financial decision-making and education tools and resources developed.	Number of financial education tools made available, and resources developed.	New initiative	New initiative	Comparison tool on banking product, price, and service by 31 March 2024.	Not Achieved Zero Comparison tools on banking product, price, and service was developed by 31 March 2024.	-1 Comparison tool. .	A decision was taken to rather consult with the consumer advisory panel before commencement of the project.
	Consumer and investor awareness campaigns conducted.	Number of media engagements about emerging financial education matters.	Three Social Media Postings Reports	Four social media campaigns by 31 March 2023	Two digital media campaigns by 31 March 2024.	Achieved Two digital media campaigns were held by 31 March 2024.	N/A	N/A
			84 speeches competition activities.	National Financial Literacy Speech Competition finals took place on 14 October 2022.	One National Financial Literacy Speech Competition by 31 December 2023.	Achieved One National Financial Literacy Speech Competition was conducted by 31 December 2023.	N/A	N/A
			55 workshops/ webinars	92 workshops/ webinars	50 Workshops/ Webinars by 31 March 2024.	Achieved 70 Workshops/ webinars were conducted by 31 March 2024.	+20 Workshops/ webinars.	The increase was driven by numerous requests for additional topics, especially on grey listing action plans and rising non-compliance.
			New initiative	Six rural outreach campaigns (mobile unit)	Four rural outreach campaigns (mobile unit) by 31 March 2024	Achieved Four rural outreach campaigns were conducted by 31 March 2024.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Financial customers empowered to make better financial decisions.	Consumer and investor awareness campaigns conducted.	Number of media engagements about emerging financial education matters.	New initiative	11 print/ broadcast media engagements	Ten print/ broadcast media engagements by 31 March 2024	Achieved Ten broadcast media engage-ments were held by 31 March 2024.	N/A	N/A
			One Money Smart Week	One Money Smart Week	Three collaboration and partnership projects by 31 March 2024 (including Money Smart Week SA).	Achieved Three collab-oration and partnership projects were concluded by 31 March 2024 (including Money Smart Week SA).	N/A	N/A
	Consumer vulnerability and financial literacy monitored.	Date vulnerability framework is published.	New initiative	Draft vulnerability framework published by 31 March 2023.	Final vulnerability framework published by 31 March 2024.	Achieved The final vulnerability framework/ statement was published by 31 March 2024.	N/A	N/A
		Number of financial literacy surveys conducted.	New initiative	Zero HSRC financial literacy interim surveys conducted by 31 December 2022.	One Longitudinal data collection survey for speech competition conducted by 31 March 2024.	Achieved One Longitudinal data collection survey for speech competition was conducted by 31 March 2024.	N/A	N/A
			New initiative	New initiative	Feasibility study of using digital platforms to increase financial inclusion through financial education conducted by 31 March 2024.	Achieved Feasibility study of using digital platforms to increase financial inclusion through financial education conducted by 31 March 2024.	N/A	N/A

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Strategic Objective 5: Accelerate the transformation of the FSCA into a socially responsible, efficient and responsive organisation								
Operational excellence embedded across all functions of the FSCA	Enhanced compliance, governance, and socially responsible practices.	Clean AGSA audit opinion.	Clean AGSA audit opinion maintained	Maintained clean AGSA audit opinion	Maintain Clean AGSA audit opinion	Achieved Clean AGSA audit opinion maintained	N/A	N/A
		Percentage levies invoiced and collected.	New initiative	New initiative	Collect 98% of levies invoiced	Achieved 98% of levies were invoiced.	N/A	N/A
		Percentage suppliers' invoices paid within 30 days.	93% of valid supplier invoices paid within 30 days.	Paid 89% of valid suppliers' invoices within 30 days.	Pay 100% of valid suppliers' invoices within 30 days.	Not Achieved 95% of valid suppliers' invoices were paid within 30 days.	-5% of valid suppliers' invoices paid within 30 days.	Variance due to delays in the settlement of invoices as a result of queries.
		Date integrated report is published.	New initiative	Partial sections of the integrated report not published by 31 March 2023.	Integrated report published by 31 March 2024.	Achieved Integrated report was published by March 2024.	N/A	N/A
	Improved Service Level Commitments (SLC).	Percentage improvement in 40% of SLCs.	New initiative	31.52% of SLCs improved by more than 2%	2% improvement in 40% of SLCs	Not Achieved 30% (2% improvement in 30% of SLCs)	-10% SLCs.	The manual intensive processes that still exists at entry point makes it difficult to get to some cases with the necessary speed .

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
Operational excellence embedded across all functions of the FSCA	Quarterly report on Employment Equity (EE) targets.	Percentage achievement of FSCA EE targets quarterly.	■ 56% female ■ 44% male ■ 8% employees with disabilities ■ 89% employees from the Black group • 80% African • 6% coloured • 3% Indian ■ 11% from White group.	■ 55% female ■ 45% males ■ 1.5% employees with disabilities ■ 89% the Black group • 80% African • 6% coloured • 3% Indian ■ 11% from white group	■ 50% female ■ 50% males; ■ 2% employees with disabilities; ■ 90% employees from Black group • 80% African • 7% Coloured • 3% Indian ■ 10% from White group	Not achieved ■ 53% female ■ 47% males ■ 3.8% employees with disabilities. ■ 90% employees from Black group ■ 81.7% African ■ 5.4% Coloured ■ 3% Indian ■ 10% from White group	+3% female -3% males +1.8% employees with disabilities. -1.6% coloured	50% Females: Women candidates were appointed based on merit 2% employees with disabilities: FSCA targeted recruitment and focused on people living with disabilities. 7% Coloured: we have not been able to attract enough candidates from the Coloured community.
	Talent management.	Critical vacancy rate.	New initiative	8% critical vacancy rate	Less than 10%	Achieved 9.5% critical vacancy rate	N/A	N/A
		Percentage succession cover in place for critical roles.	New initiative	94% succession cover in place for critical roles	90% succession cover in place for critical roles	Achieved 98% succession cover in place for critical roles.	+8% succession cover.	The FSCA has successfully implemented and monitored its succession planning policy.
		Percentage employee engagement score.	New initiative	98% employee engagement score	80% employee engagement score	Not Achieved Survey not conducted	No achievement as at 31 March 2024.	A decision was taken to conduct the survey every two years instead of every year.

Outcomes	Outputs	Output Indicator	Audited Actual Performance 2021/22	Audited Actual Performance 2022/23	Planned Annual target 2023/24	Actual achievement 2023/24	Deviation from planned target to actual achievement 2023/24	Reasons for deviations
FSCA recognised and trusted by financial institutions, financial customers financial sector ombuds and other financial sector regulators in South Africa and internationally	Communication strategy geared towards reaching financial customers and the financial sector with targeted messages about the Authority.	Number of media engagements achieved as per the communication strategy.	New initiative	Two commissioner engagements with stakeholders by 31 March 2023	Two commissioner engagements with stakeholders	Achieved Two commissioner engagement with stakeholders	N/A	N/A
			New initiative	Four media round tables held	Four media round tables held	Achieved Four media round tables	N/A	N/A
	Thought leadership and industry engagement.	Number of seminars, workshops, and webinars.	New initiative	Six webinars	Held two events/ seminars/ webinars or workshops by 31 March 2024	Achieved three event/seminar/ webinar/ workshop held.	+1 webinar	There were additional queries that led to an additional webinar.
		Number of newsletters issued to industry annually.	Four FSCA newsletters	Four FSCA Newsletters	Issued one newsletter to industry by 31 March 2024.	Achieved One newsletter issued to industry by 31 March 2024.	N/A	N/A
	Industry supervisory conference conducted.	Number of industry supervisory conferences conducted.	New Initiative	New Initiative	Two industry supervisory conferences by 31 March 2024.	Not Achieved One industry supervisory conference held by 31 March 2024.	One industry supervisory conferences.	A decision was taken to have one industry-wide conference supplemented by three regulatory enforcement roadshows.

Part K

Administration

General information

Physical address:	Block B Riverwalk Office Park 41 Matroosberg Road Ashlea Gardens Menlo Park, Pretoria 0002
Postal address:	PO Box 35655 Menlo Park 0102
Telephone:	+27 12 428 8000
Email:	info@fsca.co.za
Home page:	www.fsca.co.za
Registered auditor:	Auditor-General of South Africa
Banker:	First National Bank

Acronyms

AML	Anti-Money Laundering
ASISA	Association for Savings and Investments South Africa
B-BBEE	Broad-Based Black Economic Empowerment
CAR WG	Crypto Assets Regulatory Working Group
CBI	Contingent Business Interruption
CBR	Conduct of Business Return
CFI	Co-Operative Financial Institution
CFO	Chief Financial Officer
CFT	Counter Financing of Terrorists
CIS	Collective Investment Schemes
CMS	Council for Medical Schemes
COB	Conduct of Business
CoFI	Conduct of Financial Institutions
CPD	Continuous Professional Development
CRA	Credit Rating Agency
COVID-19	Coronavirus Disease of 2019
ERP	Enterprise Resource Planning
ERM	Enterprise Risk Management
ESG	Environmental, Social and Governance
EVP	Employee Value Proposition
Exco	Executive Committee
FAIS	Financial and Advisory Intermediary Services
FATF	Financial Action Task Force
FC	Financial Capital
FIA	Financial Intermediaries Association
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FMA	Financial Markets Act
FSAP	Financial Sector Assessment Programme
FSCA	Financial Sector Conduct Authority
FSP	Financial Services Provider
FSR	Financial Sector Regulation
FSTC	Financial Sector Transformation Council
GCR	Global Credit Ratings
HC	Human Capital
IC	Intellectual Capital
ICT	Information and Communication Technology
IMF	International Monetary Fund
INFE	International Network on Financial Education
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissions
IRBA	Independent Regulatory Board for Auditors
IRS	Integrated reporting system (project)
ISAs	International Standards on Auditing
IT	Information Technology
MC	Manufacturing capital
MoU	Memorandum of understanding
MSWSA	Money Smart Week South Africa
MTEF	Medium-Term Expenditure Framework
NCFEC	National Consumer Financial Education Committee
NPA	National Prosecuting Authority
NC	Natural Capital
NCR	National Credit Regulator
NT	National Treasury
ODP	Over-the-Counter Derivative Provider
OECD	Organisation for Economic Development
OGC	Office of the General Counsel
OHS	Occupational Health and Safety
OTC	Over-the-Counter
PA	Prudential Authority
PFA	Pension Funds Act
OPFA	Office of Pension Fund Adjudicator
PFMA	Public Finance Management Act
SARB	South African Reserve Bank
SARS	South African Revenue Service
SC	Social capital
SCM	Supply Chain Management
SLC	Service Level Commitment
SMME	Small, Medium and Micro-Enterprises
TCF	Treating Customers Fairly

ISBN: 978-1-77997-182-1
RP230/2024

www.fsca.co.za