

# THE FINANCIAL SECTOR CONDUCT AUTHORITY

CASE NO: 10/2019

In the matter between:

**FINANCIAL SECTOR CONDUCT AUTHORITY**

and

**STEINHOFF INTERNATIONAL HOLDINGS N.V.**

---

## ORDER INTERMS OF SECTION 167 OF THE FINANCIAL SECTOR REGULATION ACT NO.9 OF 2017

---

1. The Financial Sector Conduct Authority (the Authority) is a juristic person established in terms of section 56 of the Financial Sector Regulation Act, No.9 of 2017 (the FSR Act). The Authority's offices are situated at Riverwalk Office Park, Block B, 41 Matroosberg Road, Ashlea Gardens.
2. The functions of the Authority are *inter alia* to investigate market abuse contraventions as set out in sections 78, 80 and 81 of the Financial Markets Act, 19 of 2012 (the FMA). Relevant to this matter is section 81 of the FMA which prohibits the publication of false, misleading or deceptive statements in respect of a company listed on a regulated market.
3. Pursuant to an agreement between the Authority and Steinhoff International Holdings NV (Steinhoff), the Authority has determined that Steinhoff has breached the provisions of section 81 of the FMA. The breach relates to the misrepresentation by Steinhoff of its financial performance in prior years which resulted in the restatement of its opening balance for the financial reporting period ended 30 September 2016.
4. After due consideration of the factors set out in section 167 of the FSR Act, the Authority hereby imposes an administrative penalty of **R1.5 billion (inclusive of costs)** on Steinhoff.

5. In terms of section 173 of the FSR Act, the Authority has agreed to reduce a portion of the R1.5 billion penalty and orders Steinhoff to pay **R53 million (inclusive of investigation costs)** as an administrative penalty.
6. In arriving at the amount of the penalty the Authority considered *inter alia* that the misstatements were material and when disclosed had a catastrophic impact on the Steinhoff share price and Steinhoff's current financial position.
7. The Authority agreed to the reduction of the penalty to avoid penalising innocent shareholders and has reason to believe that the misstatements were because of a fraud perpetrated by Steinhoff's former officers.
8. Steinhoff cooperated with the Authority's investigation and enforcement process and has undertaken to continue cooperating with the Authority to ensure that those responsible for contravening the FMA are also brought to book.

**9. Further Take note that:**

9.1. If Steinhoff fails to pay the administrative penalty within the period prescribed by this order, in terms of section 169 of the Act, interest, at the rate prescribed in terms of the Prescribed Rate of Interest Act, 1975 (Act No. 55 of 1975), will be payable in respect of any unpaid portion of administrative penalty until it is fully paid.

9.2. Failure to comply with this order and notice will result in the provisions of section 170 of the FSR Act being invoked, which reads as follows:

*“(1) The responsible authority that makes an administrative penalty order may file with the registrar of a competent court a certified copy of the order if:-*

*(a) the amount payable in terms of the order has not been paid as required by the order; and*

*(b) either:-*

*(i) no application for reconsideration of the order in terms of a financial sector law, or for judicial review in terms of the Promotion of Administrative*

*Justice Act of the Tribunal's decision, has been lodged by the end of the period for making such applications; or*

*(ii) if such an application has been made, proceedings on the application have been finally disposed of.*

*(2) The order, on being filed, has the effect of a civil judgment, and may be enforced as if lawfully given in that court."*

9.3. In terms of section 230 of the FSR Act a person aggrieved by this decision has a right to apply for the reconsideration of the decision by the Financial Services Tribunal (the Tribunal). An application for reconsideration must be made –

(a) in accordance with the Tribunal rules; and

(b) within the time periods set out in section 230(2) of the FSR Act.

You may contact the secretary of the Tribunal at (012) 428 8012 or per electronic mail at [LEG.Tribunal@fsca.co.za](mailto:LEG.Tribunal@fsca.co.za).

Signed at Pretoria on the 12th day of ~~September~~ 2019.



**Mr J A BOYD**  
**FOR THE AUTHORITY.**