

FSCA Press Release

06 April 2018

Financial Sector Conduct Authority (FSCA)

The Financial Services Board (FSB) has officially taken up its new mandate as the Financial Sector Conduct Authority (FSCA), effective 1 April 2018. This marks the formal implementation of the Twin Peaks model of financial sector regulation, as envisaged in the Financial Sector Regulation Act 2017 (FSRA). Finance Minister Nhlanhla Nene, has now signed the Commencement Notice for the FSRA, formally establishing both the FSCA and its sister authority, the Prudential Authority (PA).

The FSCA's key objectives will be to:

- protect financial customers by promoting their fair treatment by financial institutions, providing financial education programs, and promoting financial literacy
- enhance and support the efficiency and integrity of financial markets
- assist in maintaining financial stability
- support the overall policy objectives of financial inclusion and transformation of the financial sector.

There will not be a “big bang” approach to our implementation of the FSCA mandate, but rather gradual changes over the course of the current year, as sections of the FSRA come into operation in a phased manner. In the main, financial institutions can expect their interactions with us to be business as usual in the short term. There are however a few immediate changes as from 1 April, in addition to what has been mentioned above:

- All communications, regulatory actions and decisions will now be in the name of the FSCA
- Our new website www.fsc.co.za is live – but with all the key information that was previously available on the FSB website still accessible.
- A Financial Sector Tribunal has been established, which any entity aggrieved by an FSCA decision can approach for adjudication. The Tribunal replaces the former FSB Appeal Board.

In terms of the FSR Act, a Commissioner and Deputy Commissioners will make up the Executive Committee that will lead the FSCA. The Minister has published regulations setting out the appointment process for the Commissioner and Deputy Commissioners, and we expect that

Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela SE Mmakau

process to start soon. As an interim measure, the Minister has determined that a Transitional Management Committee will manage the FSCA until the Commissioner is appointed. The Committee will comprise the members of the former FSB Executive Committee, the Chairperson of the former FSB Board, Mr Abel Sithole, and a National Treasury appointee, Ms Katherine Gibson. The Committee will perform all the functions of the FSCA Executive as described in the FSRA, while Mr Sithole will be caretaking as the FSCA Commissioner, until the new Commissioner is appointed. The Committee has commenced its work and its members will stay on in an advisory capacity for a period of three months after the Commissioner has been appointed. This process will ensure a seamless transition to the FSCA.

During the course of the coming twelve months there will be gradual changes within the organisation, such as a new functional organisation design that is better aligned to our new mandate than the current sectoral structure. We will also undertake up-skilling of current staff and recruitment of new skills and expertise to address the expanded mandate.

Other developments to look out for include:

- The publication of the FSCA's first regulatory strategy, highlighting our strategic focus areas over the next three years, such as a focus on financial inclusion, Fintech, and a more proactive, intrusive and judgment-based supervisory approach. The regulatory strategy must be published by no later than end September 2018.
- The publication of various memoranda of understanding between the FSCA, the Prudential Authority, the SA Reserve Bank and the National Credit Regulator, providing detail of how we will co-ordinate our responsibilities in the Twin Peaks framework (please note though that interim co-ordination agreements are already in place for key functions).

The commencement of the Financial Sector Conduct Authority is a significant milestone on the path to ensuring that our vibrant financial sector drives improved outcomes for all South Africans. We are excited about our new mandate, and we are committed to executing it in the best way possible. We look forward to our challenging new goals, and to working with all financial sector stakeholders to ensure we achieve them.

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