

## FSCA and B-BBEE Commission Press Release

**For immediate release:** 05 March 2024

### **The FSCA and B-BBEE Commission enter into a Memorandum of Understanding**

The Financial Sector Conduct Authority (FSCA) and the Broad-Based Black Economic Empowerment Commission (B-BBEE Commission) today entered into a Memorandum of Understanding (MoU). The MoU supports strengthened cooperation and collaboration between the FSCA and the B-BBEE Commission, in the interests of promoting transformation of the Financial Sector and advancing transformation of the South African economy.

The FSCA recognises its important role in promoting the transformation of the Financial Sector, as envisaged in the Broad-Based Black Economic Empowerment (B-BBEE) Act, No. 53 of 2003. In March 2023, the FSCA published its final *Strategy for Promoting Financial Sector Transformation*<sup>1</sup>. The strategy outlines how the FSCA aims to promote transformation within the current legislative framework (such as the B-BBEE Act and the Financial Sector Code), pending finalisation of the Conduct of Financial Institutions (COFI) Bill. The COFI Bill provides stronger powers to the FSCA in respect of transformation.

“The conclusion of the MoU with the B-BBEE Commission is an important part of our transformation strategy. We firmly believe that our partnerships with key stakeholders such as the B-BBEE Commission will assist us to positively contribute to the transformation agenda of the country. The Financial Sector plays a significant role in the economic transformation of our country, and the redress of past imbalances and inequality. The FSCA is committed to working with the sector to find sustainable transformation solutions that will lead to real and lasting impact.” said Unathi Kamlana, Commissioner of the FSCA.

“Transformation of the Financial Sector is imperative in realizing the objectives of the B-BBEE Act, and the B-BBEE Commission is excited about the partnership with the FSCA in pursuit of this common goal. Funding and financial support is the bedrock of any thriving economy and is key to the success of economic empowerment, enterprise development, and reduction of unemployment, poverty and inequality, which is the reason the Financial Sector Code contains a

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<sup>1</sup> Available on <https://www.fsc.co.za/Regulatory%20Frameworks/Temp/FSCA%20Transformation%20Strategy.zip>

special provision for funding black entities. Measures and mechanisms to monitor the application of the Financial Sector Code will be made easier through the MoU, but also through the objectives of the Transformation Strategy of the FSCA”, said Tshediso Matona, Commissioner of the B-BBEE Commission.

It is anticipated that the working relationship between the FSCA and B-BBEE Commission will among other things bring to light the gaps that exist in the collection of data on the implementation of B-BBEE in the Financial Sector. For a while now, the B-BBEE Commission has been concerned about the unacceptable level of submission of B-BBEE compliance reports by the Financial Sector.

Through the MoU, exchanges of experience and of relevant B-BBEE-related data will contribute to finding solutions to common challenges in the respective functions of the FSCA and B-BBEE Commission, and to identifying opportunities for improving compliance and advancing economic transformation. The FSCA and B-BBEE Commission believe that compliance with B-BBEE Act is integral to good corporate governance in both private and public sector entities, including in the Financial Sector. Enhancing compliance as part of good governance, accountability and transparency will therefore be a key area of focus in the envisaged partnership between the FSCA and B-BBEE Commission.

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Enquiries: Financial Sector Conduct Authority  
Email address: [communications@fsc.co.za](mailto:communications@fsc.co.za)  
Telephone: 0800 203 722  
Website: [www.fsc.co.za](http://www.fsc.co.za)

Enquiries: The Broad-Based Black Economic Empowerment Commission  
Contact person: Mofihli Teleki  
Telephone: 012 394 3410  
Mobile: 082 092 0079  
Email address: [MTeleki@beecommission.gov.za](mailto:MTeleki@beecommission.gov.za)  
Website: <https://www.bbbeeecommission.co.za>

Mandate: *The Broad-Based Black Economic Empowerment Commission (“B-BBEE Commission”) is established in terms of section 13B of the Broad-Based Black Economic Empowerment Act No. 53 of 2003 as amended by Broad-Based Black Economic Empowerment Act No. 46 of 2013 (“the B-BBEE Act”), as an entity within the administration of the Department of Trade, Industry and Competition (“the dtic”).*