

The FSCA publishes report on the Deregistration of Inactive Retirement Funds

On Tuesday the 28th of March 2023, the Financial Sector Conduct Authority (FSCA) published its report on the deregistration of inactive retirement funds. This follows the Deregistration or Cancellations Project initiated back in 2007 to deregister any retirement funds that no longer had members, assets or liabilities, or a properly constituted board in terms of section 7A of the Pension Funds Act of 1956 (PFA). The project was put on hold in 2013 due to various litigations and judgements by various courts, including the Constitutional Court on 20 September 2018, which all eventually found in favour of the FSCA (then FSB).

The aim of the report is to provide a comprehensive overview of the Deregistration or Cancellations Project, its objectives and implementation by the FSCA in rectifying previous shortcomings. The project was triggered by the realisation in 2007 that an estimated 13 000 funds were registered but just over half of them managed to submit their annual financial statements and some with discrepancies. It, therefore, became apparent that some funds had become dormant, orphaned or inactive, thus prompting the then FSB and now FSCA to launch a verification exercise which indicated that around 4057 of 10123 registered funds were active at the time. This gave rise to the Deregistration or Cancellation Project where dormant and orphaned funds were identified for deregistration or cancellation by the Registrar according to the PFA.

The report outlines this journey, including developments within the legal framework, the process of reinstating funds that were erroneously cancelled, the findings of three independent investigations commissioned by the FSCA to review the cancellation process and steps taken by the FSCA in giving effect to the various recommendations, as well as some aspects of the minority judgement from the Constitutional Court. The report also clarifies the new requirements for the deregistration of funds going forward.

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat

The full report on the Deregistration of Inactive Retirement Funds 2023 can be downloaded from <https://www.fsca.co.za/Documents/Deregistration%20Report.pdf>

ENDS

Enquiries: Financial Sector Conduct Authority
Email: communications@fsca.co.za
Telephone: 0800 203 722

Executive Committee:

Commissioner: U. Kamlana | **Deputy Commissioners:** A. Ludin | K. Gibson | F. Badat