



Financial Sector
Conduct Authority

RESPONSES TO COMMENTS RECEIVED ON THE DRAFT BOARD NOTICE * OF 2019: LEVIES ON FINANCIAL INSTITUTIONS

5 July 2019

Table of Contents

LIST OF COMMENTATORS	3
TABLE A – SPECIFIC COMMENTS AND RESPONSES	
8. Levy on short-term insurers and Lloyd’s underwriters	4
9. Special SAM levy on short-term insurers and Lloyd’s underwriters	4
10. Levy on long-term insurers	5
11. Special SAM levy on long-term insurers	6
12. Levy on intermediaries	6
18. Levy on authorised financial services providers	9
19. Levy for funding of Office of Ombud for Financial Services Providers	12
20. Levy on exchanges	13
22. Levy on financial markets in respect of market abuse	14
GENERAL	
24. Payment of levies	15
25. Application for exemption	15
TABLE B - QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE BOARD NOTICE	17
TABLE C - GENERAL COMMENTS AND RESPONSES	
FORMAT OF THE NOTICE	20
ANY OTHER GENERAL COMMENTS	20

LIST OF COMMENTATORS

No.	AGENCY / ORGANISATION	CONTACT PERSON
1.	Personal Portfolio Managers	Brian Lazar KI
2.	Mondli funerals	Enoch Msomi
3.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	Wilna van Zyl Group Company Secretary
4.	Masthead (Pty) Ltd	Nicky Nairn Head of Compliance
5.	Roxsure Insurance Brokers (Pty) Ltd	Tegan Sham Legal Manager and internal compliance
6.	Telesure Group	Londiwe Mzamo
7.	4 Africa Exchange (Pty) Ltd	Mohammed Yakoob Head: Issuer Regulation, Legal and Compliance Division
8.	Discovery Limited	Jo-Ann Ferreira Chief Compliance Officer
9.	World Focus 314	Mr Daniel Gwaja Sibiyi Designation: Key Individual
10.	Hollard Life Assurance Company Ltd	Tholoana Makhu Head: Regulatory Affairs and Conduct Risk
11.	AIG South Africa ¹	Logan Armogam Compliance Officer, Compliance General Insurance
12.	Home Loan Guarantee Company NPO (HLGC) ²	Janet Karen Abramowitz Compliance Officer
13.	Caro Brokers CC	Carene Malan ³

¹ The commentator indicated that there are no comments.

² The commentator marked all comments not applicable and they are therefore not included in the Tables below.

³ The commentator submitted comments on fees which are not contained in the Draft Board Notice. The comments are therefore not included in the Tables below.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
8. Levy on short-term insurers and Lloyd’s underwriters				
1.	8(1) The levy, in respect of a short-term insurer other than a microinsurer, Lloyd’s and Lloyd’s underwriters, is the Rand levy amount which the short-term insurer paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.
2.	8(4) The levies referred to in subparagraph (3) must be paid in two equal instalments before or on 31 July and 30 November of the levy year.	Telesure Group	We request the word must be changed with “may” to give the flexibility to pay the levies in full on one of the dates.	Not accepted. The requirement of two equal instalments helps with cash flow planning on the part of the Authority as well as financial institutions.
9. Special SAM levy on short-term insurers and Lloyd’s underwriters				
3.	9 Special SAM levy on short-term insurers and Lloyd’s underwriters	Hollard Life Assurance Company Ltd	<p>We are concerned that Levies have increased significantly with both the FSCA and PA charging the same fees (effectively double when we just had the FSB). This has been a quite significant impact financially, specifically as the industry is also struggling to grow profits significantly or sustainability due to market pressures and the economic downturn.</p> <p>We note that the fees are also increasing by 6% year on year irrespective of changes in GWP, please clarify whether the 6%/inflationary increase will become the norm. We would welcome it if this stays consistent going forward.</p>	Please note that your statement is inaccurate. Currently levies are not charged by both the FSCA and the PA. The Financial Sector Levies Bill will include the imposition of financial sector levies by both the FSCA and the PA. Until such time as the Financial Sector Levies Bill is enacted and effective, only the FSCA will impose levies on financial institutions. Levies will be considered on an annual basis and therefore it is not possible to advise whether 6% will become the norm.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
			We also note that there is a SAM levy, please advise how long this levy will continue to be charged.	The special SAM levy is not included in the Financial Sector Levies Bill and will not perpetuate after that Bill is enacted and effective.
4.	9(1) ... paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.
5.	9(4) The special SAM levies referred to in subparagraph (3) must be paid in two equal instalments before or on 31 July and 30 November of the levy year.	Telesure Group	We request the word must be changed with “m ay” to give the flexibility to pay the levies in full on one of the dates.	Not accepted. The requirement of two equal instalments helps with cash flow planning on the part of the Authority as well as financial institutions.
10. Levy on long-term insurers				
6.	10(1)(a) ... paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.
7.	10(1)(b) ... paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
		General Insurance Limited		increase than the CPI.
8.	10(3) The levies referred to in subparagraph (3) must be paid in two equal instalments before or on 31 July and 30 November of the levy year.	Telesure Group	We request the word must be changed with “may” to give the flexibility to pay the levies in full on one of the dates. The subparagraph referenced should be for subparagraph (2) and not (3)	Not accepted. The requirement of two equal instalments helps with cash flow planning on the part of the Authority as well as financial institutions. Agreed. ✍ See amendment in the final notice.
11. Special SAM levy on long-term insurers				
9.	11(1)(a) ... paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.
10.	11(1)(b) ... paid in the previous levy year increased by 6%.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	An increase of 6% seems high compared to the official CPI rate.	The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.
12. Levy on intermediaries				
11.	12(1) The levy, in respect of an agent, broker or other	Personal Portfolio Managers	I don't agree with this additional levy on premium income. This is unjustified, as we already pay levies that are far too high for a small business. This additional amount is	Please note that this levy has been removed. Please see amended Notice. ✍

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	<p>person referred to in section 45 of the Short-term Insurance Act, is an amount equal to 0.02179672% of the total gross premiums as reported on by an auditor or accounting officer, as the case may be, in terms of regulation 4.4 under that Act, and which was received by such agent, broker or other person during the most recent financial year on behalf of short-term insurers, and Lloyd's underwriters, or R161 whichever total amount is the greater.</p>		<p>too much for small brokers. This does not encourage growth and is a form of double taxation. This is greedy.</p>	
<p>12.</p>	<p>12(1) The levy, in respect of an agent, broker or other person referred to in section 45 of the Short-term Insurance Act, is an amount equal to 0.02179672% of the total gross premiums as reported on by an auditor or accounting officer, as the case may be, in terms of regulation 4.4 under that Act, and which was received by such agent, broker or other person during the most recent financial year on behalf of short-term insurers, and</p>	<p>Masthead (Pty) Ltd</p>	<p>Principally, where the levy payable is a percentage linked to the premium, we see no reason why the percentage levied against gross premium should be increased by inflation. All short-term insurers increase premiums annually and therefore there is a linked increase in the fees due to the regulator.</p>	<p>Please note that this levy has been removed. Please see amended Notice. </p>

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	Lloyd's underwriters, or R161 whichever total amount is the greater.			
13.	12(1) The levy, in respect of an agent, broker or other person referred to in section 45 of the Short-term Insurance Act, is an amount equal to 0.02179672% of the total gross premiums as reported on by an auditor or accounting officer, as the case may be, in terms of regulation 4.4 under that Act, and which was received by such agent, broker or other person during the most recent financial year on behalf of short-term insurers, and Lloyd's underwriters, or R161 whichever total amount is the greater.	Discovery Limited	In light of the reforms recently introduced which aligns the premium collection requirements across both short-term and long-term insurance legislation, could the Authority please provide the motivation for retaining this levy for short-term insurers and excluding the same for long-term insurers?	Please note that this levy has been removed. Please see amended Notice. 
14.	12(2) The levy referred to in subparagraph (1), must be paid not later than 31 October of the levy year and must be based on the total gross premiums on 31 August of each levy year as provided by the South African Insurance Association, subject to a	Personal Portfolio Managers	Existing FSCA levies and Ombud levies are already too high for small brokers. They should actually be around 10% of what they currently are. Adding to this is not justified. This is pure greed.	The operating expenses of the FSCA and Ombuds are aligned to the regulatory activities and the corresponding resources required. The quantum and increase applied on the levy is to cover the operating and transitional expenses for the establishment of the FSCA resulting in a higher increase than the CPI.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	maximum gross premium of R196 543 333, equal to a maximum levy of R42 840.			
18. Levy on authorised financial services providers				
15.	18 Levy on authorised financial services providers	Masthead (Pty) Ltd	<p>Base Levies and Levies per KI/Rep We understand the need to increase base levies and levies per KI/Rep and the 6% increase seems reasonable.</p> <p>Cap for large FSPs At the level of 2000 reps, a corporate (who can afford substantially and proportionately more than the small FSPs) gets a unit cost or cost per head of R922 per year. That is almost one-sixth of the cost compared to one-man shows, who are solely responsible for their costs. In our view, while financial strain affects everyone, it has a greater impact on smaller FSPs and we therefore believe that the cap for the large FSPs should be higher. In the interests of applying proportionality and minimising the financial burden on smaller FSPs, we propose that the cap be instituted at R3 million rather than the proposed R1.844 million. That would mean that the cost per head (at 2000 reps) would still only be R1500 pa or less than one-third of the cost of one-man shows.</p> <p>Rate chargeable iro Value of Investments Managed (AUM) We see no reason why the rate chargeable in respect of Cat II, IIA, and III FSPs on their AUM should increase by 6%. In our view, the very nature of a levy based on a percentage of AUM alleviates the need for a periodic increase. These FSPs are open to a double levy in that, as their assets grow (organically or by acquisition) they</p>	<p>Noted.</p> <p>Noted. However, we are concerned about the immediate impact of this proposal should it be imposed at this stage. We will however consider this proposal as part of the next year’s budgeting process and determination of levies.</p> <p>Disagree. Inflation related increases needs to be factored into levies payable in respect of AUM.</p>

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
			pay more, and this proposal suggests that they also pay more as a result of the rate increase.	
16.	18 Levy on authorised financial services providers	Roxsure Insurance Brokers (Pty) Ltd	We would just like clarification on how the maximum amount in respect of the fee levy is calculated? On the face of it, it appears that the larger FSP's benefit from this maximum amount despite the number of representatives and/or key individuals that are appointed under the FSP's licence as this fee is capped. Whereas the smaller FSP's are not afforded a similar maximum amount or fee cap.	The cap takes into account various factors, including the envisaged maximum amount of supervisory costs involved in supervising FSP's that reach a specific size in terms of representatives and key individuals. The principle is that assuming there is no cap, once a FSP reaches a certain size the actual levies payable will exceed the envisaged supervisory costs. A levy exceeding the envisaged supervisory costs cannot be justified and for this reason the cap is necessary in respect of a FSP that reaches a certain size limit.
17.	18(1)(a) a base amount of R3 575	Personal Portfolio Managers	R3575 is already too much for a small broker. This should actually be reduced and worked on premium turnover. It should not be a flat amount. This is not fair	We cannot agree with your assertion lacking more detailed reasoning why this amount is too much. Further, please note that premium turnover would not be applicable to many types of FSP's and therefore it is not an appropriate measure to base the fee on. Please also note that this is an existing levy that has always been charged.
18.	18(1)(a) a base amount of R3 575	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18 above.
19.	18(1)(b) A x R570	Personal Portfolio Managers	The R570 is unnecessary if the broker is a single entity with no staff. This is unfair.	Unclear why you state that this amount is unnecessary and unfair in the example provided.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
20.	18(1)(b) A x R570	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18.
21.	18(2)(a) a base amount of R7 203	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18.
22.	18(2)(b) A x R570	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18.
23.	18(2)(c) B x 0.0000184595	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18.
24.	18(3)(a) a base amount of R3 575	Masthead (Pty) Ltd	Please refer to comments under 18 above.	See response to comment under section 18.
25.	18(3)(b) A x R250	Masthead (Pty) Ltd	We are comfortable with a zero increase in the levy charged per KI/Rep on these types of FSPs.	Noted.
26.	18(4) Multiple authorised financial services providers who form part of the same legal entity are jointly and severally liable for payment of a single levy as referred to in subparagraphs (1), (2) or (3), as the case may be. For purposes of such payment, the key individuals and the representatives of such authorised financial services providers are deemed to be the key individuals and representatives of one authorised financial services provider.	Telesure Group	Clarification is sought whether “legal entity” refers to a group holding company with the consequence of representatives and key individuals within the group but on different FSP license paying one levy and not multiple levies for the same representative on different FSP licenses which are within the group.	Legal entity refers to an individual company / organisation. This would therefore apply where a company / organisation holds multiple FSP licenses in that same company / organisation.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
27.	18(4) Multiple authorised financial services providers who form part of the same legal entity are jointly and severally liable for payment of a single levy as referred to in subparagraphs (1), (2) or (3), as the case may be. For purposes of such payment, the key individuals and the representatives of such authorised financial services providers are deemed to be the key individuals and representatives of one authorised financial services provider.	Discovery Limited	The intention of this provision is unclear with specific reference to the definition of 'legal entity' within this context. Could the Authority please clarify the term 'same legal entity' for the purpose of this section?	Please refer to the grammatical meaning of the term. Also see response above.
19. Levy for funding of Office of Ombud for Financial Services Providers				
28.	19 Levy for funding of Office of Ombud for Financial Services Providers	Masthead (Pty) Ltd	<p>The country and the financial services industry is facing serious financial challenges – disposable income of clients of FSPs is down, while expenses are up. The Reserve Bank aims to keep inflation in the 3-6% bracket and according to Stats SA inflation has remained in this target since March 2017. We would like to see recognition of the financial challenges and support for the Reserve Bank's objective through the office of the FAIS Ombud. Therefore, we are looking for prudent expense management from the office of the Ombud and would also like to see consideration of inflation as a benchmark levy increase.</p> <p>Revenue during the 2017/18 financial year into the FAIS Ombud office increased by over 26% from the previous year. Of this revenue, more than 97% was from levies</p>	The operating expenses of the Ombuds are aligned to the regulatory activities and the corresponding resources required hence an increase above the CPI.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
			<p>and the overall financial position of that office was to show a profit of over R2 million.</p> <p>With consideration of the above, we see no reason why the various components relating to the FAIS Ombud's levy should be increased by 8%. To ask for an increase higher than this shows, in our view, an insensitivity of the financial positions of the FSPs in the industry. It should be in line with the increase in other levies and should, at the very most and in line with other levies, be capped at 6%.</p>	
29.	19(1)(a) a base amount of R1105	Personal Portfolio Managers	The ombud levy should be kept as low as possible. Small brokers struggle to meet the cost of compliance and are mostly ignored. The cost of compliance is already too high already. The base amount of R1105 is already too much.	The operating expenses of the Ombuds are aligned to the regulatory activities and the corresponding resources required hence an increase above the CPI.
30.	19(1)(a) a base amount of R1105	Masthead (Pty) Ltd	Please refer to our comment under 19 above.	See response to comment under section 19.
31.	19(1)(b) A x R421	Personal Portfolio Managers	The amount paid should be dependent on the size of the brokerage. Paying a base amount and an individual amount per Intermediary is ridiculous.	We are unable to consider your comment without substantive reasoning why the amount is not appropriate and/or without a concrete proposal.
32.	19(1)(b) A x R421	Masthead (Pty) Ltd	Please refer to our comment under 19 above.	See response to comment under section 19.
20. Levy on exchanges				
33.	20(2) The levy, in respect of each exchange licensed in terms of section 9 of the Financial Markets Act, except the JSE Limited, is an amount of R561 800 payable within 30 days of a levy invoice	4 Africa Exchange (Pty) Ltd	<p>Given that most of the exchanges other than the JSE are newly established, the proposed fixed levy amount could be large in comparison to or even exceed revenues generated in the start-up years of the exchanges.</p> <p>It is therefore proposed that the levy be based on the activity on each "other" exchange (e.g. in proportion to trade fees generated by the relevant exchange), limited to the maximum proposed levy amount of R561 800.</p>	We note the proposals. Please note that the proposals will be considered in future when levies are determined- specifically once the Financial Sector Levies Bill becomes law.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	raised on the exchange.		<p>Furthermore, the levy should be payable in quarterly instalments to manage the cash flows of the new exchanges.</p> <p>Please clarify whether amounts are inclusive or exclusive of VAT.</p>	<p>With regards to VAT, the FSCA is a public entity and is not liable for value added tax and is not registered as a VAT vendor under the Value-Added Tax Act No. 89 of 1991. The amounts therefore do not include VAT.</p>
22. Levy on financial markets in respect of market abuse				
34.	22(1)(b) R25 872 480 by the JSE Ltd	4 Africa Exchange (Pty) Ltd	<p>It is proposed that either:</p> <ul style="list-style-type: none"> • a levy should only be incurred in the event of an actual instance of market abuse (which can be added to the costs referred to in paragraph 22(4) below); or • as with the proposed levy set out in paragraph 20(2), the levy should be based on the activity on the exchange (e.g. in proportion to trade fees generated by the exchange) as opposed to a fixed fee, limited to the maximum proposed levy amount of R114 480 to cater for the start of phase of the other exchanges. <p>Please clarify whether amounts are inclusive or exclusive of VAT.</p>	<p>Cannot base the levy on actual market abuse as the levies are determined in advance.</p> <p>See response to comment directly above.</p> <p>See response to comment directly above.</p>
35.	22(2) The levy referred to in subparagraph 1(a) is payable in four quarterly instalments of R6 468 120 each on or before 31 July, 30 September, 31 December and 31 March of the levy	4 Africa Exchange (Pty) Ltd	<p>The quarterly payments should also be extended to the new exchanges to manage cash flows.</p>	<p>We note the proposal. Please note that the proposal will be considered in future when levies are determined- specifically once the Financial Sector Levies Bill becomes law.</p>

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	year.			
36.	22(3) The levy referred to in subparagraph 1(b) is payable within 30 days of the date of the levy invoice raised on the exchange.	4 Africa Exchange (Pty) Ltd	As above – payable in quarterly instalments.	See response to comment above.
37.	22(4) In addition to the levies referred to in subparagraph 1(a) and 1(b), the legal costs actually incurred by the Authority in respect of market abuse litigation are payable quarterly in arrears by the relevant exchange on which the market abuse activity occurred.	4 Africa Exchange (Pty) Ltd	<p>Given that the exchanges other than the JSE are still in a startup phase and the financial impact of such levy, it is proposed that:</p> <ul style="list-style-type: none"> • it be provided that the Authority recover these costs directly from the party/ies who are the subject of the alleged market abuse; or • a provision be added that the relevant exchange will be entitled to recover any legal costs from the party/ies who are the subject of the market abuse investigation (i.e. the party/ies who is suspected of having committed the market abuse). 	Please note that we are only empowered to prescribe the levies payable. We are not empowered to prescribe the requirements you propose.
GENERAL				
24. Payment of levies				
38.	24 Payment of levies	4 Africa Exchange (Pty) Ltd	Add the clarification whether all amounts stated in the Board Notice are inclusive or exclusive of VAT.	The FSCA is a public entity and is not liable for value added tax and is not registered as a VAT vendor under the Value-Added Tax Act No. 89 of 1991. The amounts therefore do not include VAT.
25. Application for exemption				
39.	25(1) An application by any financial institution for the granting under section 15A(4)(a) of the Act of	4 Africa Exchange (Pty) Ltd	Add the provision to submit applications for exemption via email and specify such email address, or alternatively to provide for delivery directly to the Authority's offices given the challenges experienced with the postal services in light of the specified one month notice period.	Agree, email address added.

TABLE A – SPECIFIC COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	exemption from a provision of this Notice must be submitted in writing to the Commissioner, Financial Sector Conduct Authority, P O Box 35655, Menlo Park, 0102, on a date at least one month before the date on which the exemption is to take effect.			

TABLE B - QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE BOARD NOTICE

No.	Section of the Notice	Commentator	Comments	Response
40.	<p>Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes please,-</p> <ul style="list-style-type: none"> - provide details including substantiating the anticipated impact. - motivate why the financial institution will not be able to take measures to mitigate the impact. 	Personal Portfolio Managers	<p>The unjustified increasing of Levies can impact negatively on the overall growth of the Broker (FSP). It's not a case of not being able to take measures to mitigate the impact, the facts are:</p> <ul style="list-style-type: none"> i. The current levies are too high ii. The proposed new levy system is unjustified and unconstitutional iii. Brokers (FSP's) are having to work harder in a poor economy just to fund the FSCA 	<p>Noted. However, you do not provide substantive information and reasoning regarding what the levies are unjustified and too high. Please note that this is not a new levy system, it is an existing levy system that has been adjusted mostly for inflation purposes.</p>
41.	<p>Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes please,-</p> <ul style="list-style-type: none"> - provide details including substantiating the anticipated impact. - motivate why the financial institution will not be able to take measures to mitigate the impact. 	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	No.	Noted.
42.	<p>Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes</p>	Masthead (Pty) Ltd	<p>As already mentioned in Section 19 above, the country and the financial services industry is facing serious financial challenges and smaller FSPs are more vulnerable to the impact of increasing costs. IFAs are concerned about the 2019/2020 economic outlook, client's lack of disposable income placing pressure on revenue and growing expense pressures. We are able to</p>	<p>Noted. If you provide us with a more concrete proposal on how such a levy system could be structured the proposed approach can be considered as part of future levy determinations- specifically once the Financial Sector Levies</p>

TABLE B - QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE BOARD NOTICE

No.	Section of the Notice	Commentator	Comments	Response
	please,- - provide details including substantiating the anticipated impact. - motivate why the financial institution will not be able to take measures to mitigate the impact.		share the results of a recent survey with the Authority. Please contact us directly for further information in this regard. Because the impact of increasing pressures on both revenue and costs is, in our opinion, greater on smaller FSPs, we would like to see the burden of levy increases falling more to the larger organisation who have greater access to financial resources.	Bill becomes law.
43.	Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes please,- - provide details including substantiating the anticipated impact. - motivate why the financial institution will not be able to take measures to mitigate the impact.	4 Africa Exchange (Pty) Ltd	Yes – 4AX is in the process of establishing itself as a meaningful market player, and given the phase of the business lifecycle that 4AX finds itself in, it cannot absorb additional levies given the costs currently being incurred in setting up the business vs the limited revenue being generated at that this stage. High development costs have already been incurred which still needs to be recouped, and 4AX’s breakeven point is anticipated in the next two to three years. The imposition of a total levy of R676 280 will negatively impact the financial position of 4AX given the current limited financial resources. 4AX intends to apply for the exemption and is willing to contribute to the levies once the business is profitable and cash generative.	Noted.
44.	Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes please,- - provide details including substantiating the anticipated impact.	Discovery Limited	No.	Noted.

TABLE B - QUESTIONS RELATING TO THE ANTICIPATED IMPACT OF THE BOARD NOTICE

No.	Section of the Notice	Commentator	Comments	Response
	<ul style="list-style-type: none"> - motivate why the financial institution will not be able to take measures to mitigate the impact. 			
45.	<p>Is there concern/s about the anticipated impact of the Board Notice on the financial soundness position of the financial institution in the levy year? If yes please,-</p> <ul style="list-style-type: none"> - provide details including substantiating the anticipated impact. - motivate why the financial institution will not be able to take measures to mitigate the impact. 	World Focus 314	No.	Noted.

TABLE C - GENERAL COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
FORMAT OF THE NOTICE				
46.	Do you find the format of the draft Board Notice user friendly and simple to understand? If no, please provide suggestions for improvement.	Clientèle Life Assurance Company Limited and Clientèle General Insurance Limited	Yes.	Noted.
47.	Do you find the format of the draft Board Notice user friendly and simple to understand? If no, please provide suggestions for improvement.	Masthead (Pty) Ltd	We are comfortable with the format of the Board Notice.	Noted.
48.	Do you find the format of the draft Board Notice user friendly and simple to understand? If no, please provide suggestions for improvement.	4 Africa Exchange (Pty) Ltd	Yes – easy to understand and appreciate the comment template.	Noted.
49.	Do you find the format of the draft Board Notice user friendly and simple to understand? If no, please provide suggestions for improvement.	Discovery Limited	Yes.	Noted.
ANY OTHER GENERAL COMMENTS				
50.		Mondli funerals	I would like to suggest that levies must not increase and the allowance of 3 months to be paid to fsca. If I understand this communication correctly.	Not accepted. Levies have to increase to keep up with inflation and to enable the FSCA to carry out is legislative mandate.
51.	Perspective of the	Masthead	The Masthead Financial Advisors Association (“the	Noted.

TABLE C - GENERAL COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
	commentary	(Pty) Ltd	<p>Association”) is an association of ±5’600 independent financial advisors. What makes the members of Masthead independent is the fact that they work for themselves and they act under their own FSCA issued licences. Independent financial advisors (“advisors”) represent or are mandated to act for an authorised Financial Services Provider through which they provide advice and/or intermediary services to customers. A sizable percentage of the FSPs which form part of the Association are smaller in size and in some cases may consist only of an advisor and one or two staff members.</p> <p>Masthead (Pty) Ltd is a registered compliance practice and delivers compliance services to ±1’700 FSPs who are members of the Masthead Financial Advisors Association. As such, we have viewed the draft Board Notice imposing levies on financial institutions proposals from an intermediary perspective and therefore our commentary was limited to sections 12, 18 and 19 above.</p>	
52.		Telesure Group	Confirmation is sought that the FSCA will be sending invoices for the levies as has been the historical standard.	Yes, the FSCA will be sending invoices.
53.		4 Africa Exchange (Pty) Ltd	It is fair that all financial institutions contribute to the levies, however consideration needs to be given that due to the startup phase of the new exchanges, they may not be able to afford the levies given the limited profitability and cash flow generation at this stage of their business life cycle.	A financial institution may submit an application for exemption and if valid circumstances exist the FSCA has the discretion of exempting the institution from certain requirements.
54.		4 Africa Exchange (Pty) Ltd	The levies for the new exchanges should be calculated in proportion to the activity on the exchange rather than a fixed amount, and payable in quarterly installments.	We note the recommendation. As mentioned, it is something that will be considered as part of future determinations. Please note that in terms of the draft Financial Sector Levies Bill the levies for exchanges will be issued quarterly and

TABLE C - GENERAL COMMENTS AND RESPONSES

No.	Section of the Notice	Commentator	Comments	Response
				calculated based on activity.