



## **MEMORANDUM OF UNDERSTANDING**

**(MoU)**

**between**

**The Prudential Authority**

**(PA)**

**and**

**The Financial Sector Conduct Authority**

**(FSCA)**

**(together hereinafter referred to as the “Parties”)**

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## **1. Introduction**

- 1.1 Sections 76 and 77 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) require financial sector regulators (defined in the FSR Act to include the PA and the FSCA) to cooperate and collaborate when performing their functions in terms of financial sector laws and to enter into one or more Memoranda of Understanding (MoUs) to give effect to such co-operation and collaboration. This MoU is entered into between the Parties as so required.
- 1.2 The FSR Act generally governs the relationship between the Parties and this MoU will seek to achieve the required co-operation and collaboration.

## **2. Purpose**

- 2.1 This MoU is intended to –
  - 2.1.1 strengthen and formalise a relationship of trust, good faith, mutual co-operation, support, assistance, information sharing, and appropriate co-ordination of actions in terms of relevant financial sector laws between the Parties;
  - 2.1.2 enable the Parties to reach a common understanding on areas where their respective regulatory and supervisory objectives and responsibilities may overlap;
  - 2.1.3 identify matters where concurrence or notification between the parties is or is not required; and
  - 2.1.4 provide for delegations of authority between the Parties.

## **3. Interpretation**

- 3.1 Words and/or expressions used in this MoU that are defined in the FSR Act shall have the same meaning as in the FSR Act, unless the context indicates otherwise.
- 3.2 The singular includes the plural and vice versa.

#### **4. Information sharing**

- 4.1 The Parties will, on an ongoing basis, and with due regard to the provisions of section 251 of the FSR Act, share information.
- 4.2 The Parties will proactively identify types of information which, if shared, would enhance appropriate cooperation and collaboration between them, including but not limited to information obtained or in the possession of one Party that would be likely to assist the other Party in administering, supervising or enforcing financial sector laws.
- 4.3 Any means of communication will be acceptable, but communication should preferably be in writing, or subsequent to communication be reduced to writing and transmitted by electronic means.

#### **5. Minimising duplication of effort and expense**

The Parties, through the mechanisms outlined in this MoU and in general, will make every effort to minimise the duplication of effort and expense in the performance of their functions, both between the Parties and also in relation to any obligations they respectively impose on financial institutions.

#### **6. Specific areas of co-operation and collaboration**

- 6.1 Without limiting the generality of this MoU, the Parties agree to specifically cooperate and collaborate on the following matters, in the manner set out in Annexures 1 to 9, which form part of this MoU:
  - 6.1.1 Consistent policy positions and regulatory strategies (Annexure 1);
  - 6.1.2 Regulatory instruments (Annexure 2);
  - 6.1.3 Licensing of financial institutions and granting of exemptions (Annexure 3);
  - 6.1.4 Supervisory on-site inspections and investigations (Annexure 4);
  - 6.1.5 Enforcement and administrative action (Annexure 5);
  - 6.1.6 Designation of financial conglomerates (Annexure 6);
  - 6.1.7 Regulation and supervision of market infrastructures (Annexure 7);
  - 6.1.8 Delegation of powers (Annexure 8); and

- 6.1.9 Supervision of accountable institutions in terms of the Financial Intelligence Centre Act (Annexure 9).
- 6.1.10 Minimising the duplication of effort and expense (Annexure 10).
- 6.2 The Parties agree that, in order to facilitate the implementation and execution of this MoU, additional or supplementary processes and procedures between the Parties may be documented in Protocols, which will prescribe detailed practical steps and/or arrangements between the Parties. The Protocols will not form part of this MoU.
- 6.3 Recovery and Resolution of Financial Institutions
- 6.3.1 The Parties are responsible for the recovery and resolution of financial institutions for which they are the responsible authority.
- 6.3.2 The Parties agree that they will cooperate and collaborate at an early stage when dealing with the recovery and resolution of both systemically important financial institutions (SIFIs) and non-SIFIs.
- 6.3.3 The Parties further agree that the recovery and resolution of financial institutions designated as SIFIs may only happen in terms of their respective MoUs with the Reserve Bank (SARB).
- 6.4 Financial Stability
- 6.4.1 The Parties undertake to promptly and reasonably cooperate, collaborate, and share relevant information with the SARB and each other to maintain, protect and enhance financial stability.
- 6.4.2 It is further envisaged that the SARB will in accordance with the FSR Act take the lead on external communication in the event of a systematic event.

## **7. Actions of the FSCA that do not require concurrence of the PA**

- 7.1 The PA hereby agrees that the FSCA may take any actions which it is empowered to take under any financial sector law for which it is the responsible authority, without the concurrence, other than the actions specified in paragraph 9 of this agreement or the Annexures to this agreement as requiring concurrence.

- 7.2 The PA hereby specifically agrees that the FSCA may make a debarment order in respect of a natural person without giving the PA a draft of the debarment order as required by section 154(1) of the FSR Act.
- 7.3 The PA is satisfied that its concurrence is not necessary in relation to actions by the FSCA other than the actions specified in paragraph 9 of this agreement as requiring concurrence and that this agreement does not prejudice the achievement by the PA of its objectives under the FSR Act.

#### **8. Actions of the PA that do not require concurrence of the FSCA**

- 8.1 The FSCA is satisfied that its concurrence is not necessary in relation to actions by the PA in the conversion of registrations to licences in accordance with Item 6 of Schedule 3 to the Insurance Act, 2017, (Act No. 18 of 2017) (IA) subject to the following conditions:
- 8.1.1 no conversion shall be completed until the FSCA's draft amendments to the Policyholder Protection Rules and Regulations under the LTIA and the STIA (Board Notice 30 of 2018 (Government Gazette No. 41473) which was published on 2 March 2018 and Notices 357 and 358 published in Government Gazette No. 41523 on 23 March 2018) have been promulgated;
- 8.1.2 the PA undertakes to, on an ongoing basis, inform the FSCA in writing of the initiation of the conversion process of any insurer and, within five (5) business days of the completion of any conversion, provide the FSCA with a copy of the relevant licence and any directive that may have been issued in terms of item 6(5) of Schedule 3 to the IA.

#### **9. Actions of the FSCA that require concurrence by the PA**

- 9.1 Subject to paragraph 9.2, the concurrence of the PA is required in respect of the issuing, variation, suspension or revocation by the FSCA of any licence issued under a financial sector law for which the FSCA is the responsible authority and the financial institution whose licence is to be issued, varied, suspended or revoked is:

- 9.1.1 also licensed by the PA as a bank, mutual bank, cooperative bank, cooperative financial institution or an insurer;
- 9.1.2 a financial institution that is part of a group of companies of which a licensed financial institution referred to in 9.1.1 is a part; or
- 9.1.3 a market infrastructure.
- 9.2 The concurrence of the PA is not required in respect of the variation by the FSCA of a licence of a financial institution referred to in paragraph 9.1 in terms of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002).
- 9.3 The concurrence of the PA is required in respect of any action taken by the FSCA as contemplated in sections 144(6) and 157(4) of the FSR Act.
- 9.3 The concurrence of the PA is required in respect of the granting of exemptions by the FSCA to financial institutions referred to in paragraphs 9.1.1 and 9.1.3, under financial sector laws for which the FSCA is the responsible authority.
- 9.5 A reference to a “licence” in this MoU—
  - 9.5.1 refers to a licence of a financial institution to act as a financial institution under a financial sector law; and
  - 9.5.2 excludes any other registration, approval, recognition, permission, consent or other authorisation granted in respect of the financial institution.

## **10. Delegation of powers**

- 10.1 Sections 48(4) and 71(5) of the FSR Act provide that either Party may delegate any power or duty to the other Party in terms of a section 77 MoU.
- 10.2 The FSCA hereby delegates the following powers to the PA:
  - 10.2.1 Collection of the PA’s levies in accordance with sections 237(1)(b) and 246(2) of the FSR Act;
  - 10.2.2 The supervision of, and regulation of compliance by, insurers with the Financial Intelligence Centre Act, 2001 (Act No. 38 of 2001) (FIC Act) as set out in Part 4 of annexure 8; and

- 10.2.3 Matters relating to supervision and regulation of market infrastructure as set out in part 2 of Annexure 8.
- 10.3 The PA hereby delegates to the FSCA powers relating to supervision and regulation of insurance as set out in part 3 of Annexure 8.
- 10.3 The delegated powers in paragraph 10.2 and 10.3 will be exercised in accordance with a framework and system of delegation set out in Part 1 of Annexure 8 to ensure that such delegations do not constrain the relevant Party from achieving its objectives.

## **11. Resolution of conflicts**

- 11.1 The Parties will maintain open communication between one another in accordance with the purpose of this MoU and strive to ensure early resolution of any points of disagreement arising out of the interpretation, operation and implementation of this MoU.
- 11.2 The Parties understand and acknowledge that they have a mutual interest in resolving disagreements in a timely and efficient manner.
- 11.3 If a disagreement between the Parties cannot be resolved through the mechanisms and principles provided for in this MoU, the Parties will each ensure that appropriate escalation mechanisms are in place within their respective organisations, with the CEO of the PA and the Commissioner of the FSCA respectively being the highest levels to which resolution of a disagreement are to be escalated.

## **12. General Provisions**

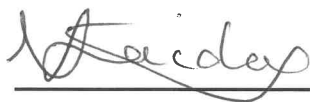
- 12.1 The Parties agree to secure and maintain sufficient and appropriate resources in order to implement this MoU.
- 12.2 No provision of this MoU shall directly or indirectly confer a right on any person or entity other than the Parties, to obtain any information, to demand any action or to challenge any act performed in the execution of this MoU.
- 12.3 The terms, operation and implementation of this MoU will be subject to periodic review by the Parties at least every three years, in accordance with subsections



77(4) to (6) of the FSR Act. Any amendment agreed to by the Parties must be reduced to writing, shall form part of this MoU and shall come into effect on a date agreed upon by the Parties.

12.4 This MoU will come into effect on the earliest of (i) the date of signature by the last Party signing this MoU; or (ii) 1 October 2018.

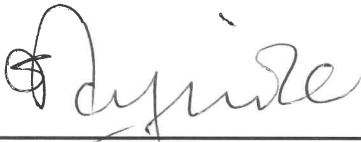
Signed and agreed to at PRETORIA on this 26 day of SEPTEMBER 2018.



**Chief Executive Officer Mr Kuben Naidoo**

**For and on behalf of the Prudential Authority**

Signed and agreed to at PRETORIA on this 28<sup>th</sup> day of September 2018.



**Acting Commissioner Mr Abel Sithole**

**For and on behalf of the Financial Sector Conduct Authority**

## **Annexures**

### **Annexure 1: Consistent policy positions, regulatory and supervisory strategies and international representation**

#### **1. Scope and purpose**

Section 76(1)(c) of the FSR Act requires the PA and the FSCA to strive to adopt consistent regulatory strategies, including addressing regulatory and supervisory challenges. Section 76(1)(f) and (g) require the Parties to agree on attendance at relevant international forums and, where appropriate, develop consistent policy positions, including in relation to international forums. This Annexure outlines the principles to be followed by the PA and the FSCA to satisfy these requirements.

#### **2. Addressing policy positions and regulatory strategies and supervisory challenges**

2.1 The PA and the FSCA will regularly communicate, share and where possible agree on the following matters:

2.1.1 “policy positions”, whereby the Parties will discuss policy matters, including developments at international standard setting bodies and agree on aligned approaches where appropriate;

2.1.2 “regulatory and supervisory challenges”, whereby the Parties will discuss challenges of mutual interest that they are experiencing as well as any co-operation that may be required to overcome such challenges. Such co-operation may include appropriate alignment of standards or other regulatory instruments made by the Parties and potentially the making of joint standards; and

2.1.3 “regulatory strategy progress”, whereby both Parties will discuss matters of mutual interest regarding implementation of their regulatory strategies, and any anticipated amendments to their regulatory strategies.

2.2 The Parties further agree to cooperate on matters of common interest and share information with each other and the SARB, regarding:

2.2.1 Representation on international, regional and domestic forums by way of a list of international, regional and domestic bodies and forums, continuously updated

and shared amongst the FSCA: Regulatory Policy Division and the PA: Policy, Statistics and Industry Support Department and the SARB: International Economic Relations and Policy Department; and

2.2.1 Collaboration on presenting, where appropriate, a coordinated message from the Parties, also taking into account any policy positions of the SARB at international forums, by way of the individual subject matter experts employed by the Parties and SARB collaborating, sharing their respective policy positions and, where possible and appropriate, agreeing such positions prior to international, regional and local engagements.

2.3 In consultation with the PA and the SARB, the FSCA may develop a data-sharing platform to facilitate communication between the Parties and the SARB in relation to matters contemplated in this Annexure.

2.4 Meeting documents such as agendas, minutes, discussion papers, etc. from international, regional, and applicable domestic forums as well as details of the respective representatives of the Parties and the SARB at such forums, may be uploaded to the data platform by relevant staff members from the Parties and the SARB; and

2.5 Usage of a data platform will be access controlled wherein specific staff members at the FSCA, PA and SARB will be granted access to add and delete information.

2.6 The relevant staff members from the Parties will endeavour to meet or otherwise communicate, including through regular scheduled meetings and ad hoc engagements where appropriate, and to ensure that the SARB is included in such meetings and communications, to share ideas, notes, and / or positions on matters of common interest.

### **3. Adoption of consistent regulatory strategies**

3.1 In terms of sections 47 and 70 of the FSR Act, the PA and the FSCA must within six months after the date on which those provisions come into effect, each adopt a regulatory strategy to give general guidance in the achievement of their objectives and the performance of their regulatory and supervisory functions.

- 3.2 Sections 47 and 70 of the FSR Act came into effect on 1 April 2018 and therefore the regulatory strategies need to be adopted and published by 1 October 2018.
- 3.3 The FSR Act details the matters that must be addressed in these regulatory strategies.
- 3.4 Sections 47 and 70 of the FSR Act provide for specific notification and consultation mechanisms between the PA and the FSCA in relation to the adoption of their regulatory strategies, including a requirement that the Prudential Committee of the PA and the Executive Committee of the FSCA must seek to minimise, to the extent that is practicable and appropriate, inconsistencies between their regulatory strategies.
- 3.5 In light of the above requirements, the PA and the FSCA agree to the following principles and processes:
- 3.5.1 At a reasonable time before (i) the prescribed publication date of any regulatory strategy, or (ii) the publication of any amendment to its regulatory strategy, each Party will provide the other with a draft of the proposed strategy or amendment, requesting comment within one month.
- 3.5.2 Each Party will review its respective regulatory strategy by 1 April of each year following its initial publication.
- 3.5.3 Each Party will ensure that it provide comments in writing on the draft regulatory strategy within the stipulated one month comment period or indicate, within the comment period, that it has no comments on the draft regulatory strategy.
- 3.5.4 Any comments provided will include an indication whether the Party providing comment believes that there are any inconsistencies between the draft provided and its own current or proposed regulatory strategy.
- 3.5.5 Within a reasonable period of receipt of the other Party's comments, the Party receiving the comments will provide the other Party with its response to the comments, indicating the extent to which it accepts such comments and an indication of how comments will be addressed. Where any comments are not accepted, or where the comments had highlighted inconsistencies between the respective regulatory strategies, the Parties will take reasonable steps to resolve such differences and reach agreement on the content of the regulatory strategy concerned. These steps may include either face-to-face meetings or

correspondence between relevant officials, and must be concluded by no later than two weeks before the date on which the regulatory strategy or amendment is to be published.

- 3.5.6 If agreement cannot be reached as contemplated in 3.5.5 above, the entity intending to publish the regulatory strategy or amendment concerned, being either the Prudential Committee of the PA or the Executive Committee of the FSCA, will take a final decision regarding adoption of the strategy, taking into account the comments from the other Party, including any unresolved issue(s) in such comments. The record of such decision will reflect the extent to which any issue(s) raised in the comments from the other Party remain unresolved.

#### **4. Responsible officials**

- 4.1 For purposes of this Annexure, the responsible officials from each Party accountable for ensuring implementation of the Annexure are as follows:
- 4.1.1 For the PA: Head of Policy Division - Policy, Statistics and Industry Support Department.
- 4.1.2 For the FSCA: The Divisional Executive: Regulatory Policy.
- 4.2 Each Party may change the responsible officials noted above at any time, and will notify any such change to the other Party as soon as practicable.
- 4.3 The responsible officials will, through a Protocol between the Parties, identify specific staff members to be responsible for the performance of specific functions in terms of this Annexure.

## **Annexure 2: Regulatory Instruments**

### **1. Scope and purpose**

- 1.1 Chapter 7 of the FSR Act empowers –
  - 1.1.1 the PA to make prudential standards;
  - 1.1.2 the FSCA to make conduct standards; and
  - 1.1.3 the PA and FSCA jointly to make joint standards.
- 1.2 The Parties may also make other regulatory instruments in accordance with other financial sector laws.
- 1.3 The Parties are required by section 76(1)(d)(i) of the FSR Act to cooperate and collaborate, to the extent appropriate, when performing their functions in relation to regulatory instruments. In addition, Chapter 7 of the FSR Act imposes specific requirements on the Parties to consult with one another when making a regulatory instrument.
- 1.4 This Annexure incorporates the process to be followed by the Parties to satisfy the co-operation, collaboration and consultation requirements in relation to the making of regulatory instruments.

### **2. General co-operation and collaboration regarding regulatory instruments**

- 2.1 Each Party will make regulatory instruments in pursuit of its objective and functions as outlined in the FSR Act or other financial sector laws.
- 2.2 The Parties will seek to avoid making incompatible or inconsistent regulatory instruments. To this end, the Party making the regulatory instrument concerned must, as part of its planning and taking into account the extent of the potential impact of the planned instrument on the other regulator's objective, consider –
  - 2.2.1 the earliest reasonable opportunity to start consultation with the other Party;
  - 2.2.2 the most effective and convenient form of consultation with the other Party, including telephonic, electronic or face-to-face engagement and, where practicable and appropriate, setting up a working group of representatives of both Parties, to deliberate on the proposed instrument; and
  - 2.2.3 initiate consultation with the other Party accordingly.

- 2.3 A Party making the regulatory instrument (or, in the case of a joint standard, both Parties) will ensure that adequate records of the consultation and deliberations between the Parties are maintained and are made available to the other Party. This includes, where a working group as envisaged in 2.2.2 is set up, ensuring that meetings of the working group are properly documented, administered and minuted in relation to the working group.
- 2.4 Either Party may, with the agreement of the other Party, invite other interested authorities or key stakeholders to participate in any consultation process between them as referred to in 2.2. This Annexure does not however in any way limit the maker of a regulatory instrument from engaging in any consultations with any person in addition to any consultations envisaged in this Annexure.

### **3. Consultation as required by Chapter 7 of the FSR Act**

- 3.1 Over and above any prior consultation that may take place between the Parties in accordance with this Annexure, the Party who is the maker of a regulatory instrument will provide the other Party with a copy of the draft instrument and other consultation documents required to be published under section 98(1)(a), as required by section 98(3)(a) of the FSR Act.
- 3.2 The Party making the regulatory instrument will grant the other Party a period of at least six weeks to provide formal submissions on the draft regulatory instrument and the other Party will ensure that it adheres to such timeframe.
- 3.3 The Party making the regulatory instrument will consider any submissions made by the other Party and, where any such submissions are not accepted, provide the other Party with reasons. The Party concerned will make every reasonable effort to provide such reasons before the regulatory instrument is made, in order to provide the other Party with an opportunity to seek to resolve the difference of opinion before the regulatory instrument is made.
- 3.4 Where the Party making the regulatory instrument intends to make an instrument that is materially different from the draft provided to the other Party in accordance with 3.1, the maker will repeat the process set out in 3.2 and 3.3 above.

- 3.5 The Parties acknowledge that, where a regulatory instrument is to be made on an urgent basis as contemplated in section 100 of the FSR Act, full adherence to the consultation processes set out in this Annexure may not be possible. Nevertheless, the Party making the regulatory instrument concerned will make every reasonable effort to consult with the other Party in relation to the making of such regulatory instrument as full as possible in the circumstances.

#### **4. Joint standards**

- 4.1 Section 107 of the FSR Act provides that the Parties may make joint standards on any matter in respect of which either of them may make standards.
- 4.2 Where either Party, or the Parties jointly in the course of other engagements between them, identify an appropriate opportunity to further their respective objects through the making of a joint standard, the Parties agree to engage with one another at the earliest reasonable stage in regard to the making of such a joint standard.
- 4.3 Where the Parties agree to make a joint standard, they will reach agreement regarding the appropriate drafting and consultation processes to adopt to ensure compliance with the relevant provisions of Chapter 7 of the FSR Act and, with the necessary changes, the processes set out in this Annexure.
- 4.4 In respect of any joint standard made by the PA and the FSCA in terms of the Financial Markets Act (FMA) or the FSR Act, the Parties agree that any notification or information provided to one Party must immediately be provided to the other Party and an approval that must be provided by one Party in terms of a Joint Standard requires the concurrence of the other Party.

#### **5. Responsible officials**

- 5.1 For purposes of this Annexure, the responsible officials from each Party accountable for ensuring implementation of the Annexure are as follows:
- 5.1.1 For the PA: Head of Policy, Statistics and Industry Support Department.
- 5.1.2 For the FSCA: The Divisional Executive: Regulatory Policy.



- 5.2 Each Party will ensure that it has appropriate internal processes in place to ensure that the responsible officials obtain all required inputs and participation as may be required by any law or by the Party's internal governance processes.
- 5.3 Either Party may change the responsible officials noted above at any time, and will notify any such change to the other Party as soon as practicable.
- 5.4 The responsible officials will, through a Protocol between the Parties, identify specific staff members to be responsible for the performance of specific functions in terms of this Annexure.

### **Annexure 3: Licensing of Financial Institutions and granting of exemptions**

#### **1. Scope and purpose**

- 1.1 This annexure prescribes the process to be followed in obtaining concurrence when the PA or the FSCA is to issue, vary, suspend or revoke a licence in respect of a financial institution under a specific financial sector law for which either Party is the responsible authority or when the PA or the FSCA is to grant an exemption.
- 1.2 In terms of the licensing provisions contained in Chapter 8 and the general matters under Chapter 17 of the FSR Act -
  - 1.2.1 A person may not provide a financial product, financial service or market infrastructure except in accordance with a licence issued in terms of a specific financial sector law or in terms of section 111 of the FSR Act.
  - 1.2.2 The responsible authority, being either the PA or the FSCA, may on application grant a licence (section 113).
  - 1.2.3 The responsible authority that granted/issued a licence may also vary, suspend or revoke a licence (sections 119 – 121).
  - 1.2.4 In terms of section 126 of the FSR Act, the responsible authority, being either the PA or the FSCA, may not take any of the following actions without the concurrence of the other Party and, if applicable, the SARB:
    - 1.2.4.1 issuing of a licence;
    - 1.2.4.2 varying, suspending or revoking a licence; and
    - 1.2.4.3 granting an exemptions in terms of section 281 of the FSR Act.
- 1.3 Section 282(2) of the FSR Act provides that concurrence is not required where the other financial sector regulator has agreed in a section 77 memorandum of understanding (section 77 MoU), that –
  - 1.3.1 the action of the relevant kind does not prejudice the achievement of its objective; and
  - 1.3.2 its concurrence is unnecessary.
- 1.4 The Parties have therefore agreed in paragraphs 7, 8 and 9 of this MoU on matters where concurrence of the other Party is and is not required.

## **2. Application for a licence: Process where concurrence is required**

- 2.1 The Parties shall within ten (10) business days of receipt of an application from the applicant, where concurrence is required, share the application with each other.
- 2.2 Within thirty (30) business days of receiving the application from the Party ('initial receiving party'), the receiving Party-
  - 2.2.1 must consider the market conduct or prudential issues of the application, as the case may be, where relevant and inform the other Party in writing of its decision and where necessary with reasons thereof;
  - 2.2.2 may request a meeting with the initial receiving party to discuss the application if it deems it necessary; or
  - 2.2.3 may request additional information relating to the application from the initial receiving Party.
- 2.3 In the event that the receiving Party requests additional information relating to the application as contemplated in paragraph 2.2.3, the initial receiving Party shall within five (5) business days of receiving such request from the receiving Party, request such additional information from the applicant.
- 2.4 The initial receiving Party shall within five (5) business days of receipt of such additional information from the applicant submit it to the receiving Party.
- 2.5 The receiving Party shall within seven (7) business days of receipt of such additional information revert to the initial receiving Party.
- 2.6 The receiving Party must make a decision within thirty (30) days from the date of receipt of the additional information.
- 2.7 Notwithstanding the above arrangement, legal requirements relating to the period within which a determination of an application as prescribed in the FSR Act must be adhered to.
- 2.8 Parties shall within ninety (90) business days of receiving the application make a determination on the application or upon the expiry of the extended period as set out in paragraph 2.9 below.

- 2.9 The ninety (90) days period referred to in paragraph 2.8 may be extended by notice to the applicant for one or more further periods but the total period may not be more than 9 months. The Receiving Party must be notified of the extension of the 90 day period.

### **3 Variation, Suspension or Revocation of a Licence: Process where concurrence is required**

- 3.1 Before giving a notice to a financial institution about its decision to vary, suspend, or revoke its licence, either Party ('the initial Party') shall notify the other Party ('the receiving Party') of the intended action and provide details of the intended action and the financial institution concerned.
- 3.2 Within thirty (30) business days of receiving the notice, the receiving Party-
- 3.2.1 must consider the notice and in writing inform the other party of its decision with reasons where necessary;
  - 3.2.2 may request a meeting with the initial Party to discuss the notice where necessary; or
  - 3.2.3 may request additional information or documentation relating to the notice from the initial Party.
- 3.3 In the event that the receiving Party requests additional information to enable it to consider the notice as envisaged in paragraph 3.2.3, the initial Party shall within ten (10) business days of receiving such request from the receiving Party provide such information.
- 3.4 The receiving Party must in writing inform the initial Party of its decision within seven (7) business days from the date of receipt of the additional information.
- 3.5 The initial Party shall notify the receiving Party of its final decision within ten (10) business days from the date of receipt of the receiving Party's response.

### **4. Granting of exemptions**

- 4.1 An application for exemption from a provision of a financial sector law shall follow the process agreed to for an application for a licence in paragraph 2 and the time periods agreed to in paragraph 4.2.
- 4.2 The time period agreed to for the processes set out in –

- 4.2.1 paragraph 2.2 shall be ten (10) business days.
- 4.2.2 paragraph 2.3 shall be five (5) business days.
- 4.2.3 paragraph 2.4 shall be three (3) business days.
- 4.2.4 paragraph 2.5 shall be seven (7) business days.
- 4.2.5 paragraph 2.6 shall be five (5) business days.

## **5. Responsible officials**

- 4.1 For purposes of this Annexure, the responsible officials from each Party are as follows:
  - 4.1.1 For the PA: Head: Legal Administration Division.
  - 4.1.2 For the FSCA: The Divisional Executive: Licensing and Business Centre.
- 4.2 Each Party will ensure that it has appropriate internal processes in place to ensure that the responsible officials obtain all required inputs and participation as may be required by any law or by the Party's internal governance processes.
- 4.3 Either Party may change the responsible officials noted in above at any time, and will notify any such change to the other Party as soon as practicable.

## **Annexure 4: Supervisory onsite inspection and investigations**

### **1. Scope and Purpose**

Section 132 (1) of the FSR Act empowers the PA and FSCA to conduct a supervisory on-site inspection at the business premises of a supervised entity. Section 134(1) of the FSR Act empowers the PA and the FSCA to conduct investigations in relation to contravention of a financial sector law for which any of the Parties is the responsible authority. This Annexure governs the relationship between the FSCA and PA with reference to conducting on-site inspections and investigations, to satisfy the FSR Act requirements.

### **2. On-site inspections**

- 2.1 In terms of section 132 of the of the FSR Act, the PA and the FSCA may conduct a supervisory on-site inspection of a supervised entity to check compliance with a financial sector law, regulator's directive or enforceable undertaking, to determine the extent of risk posed by the financial institution from contravening a financial sector law, and to assist the regulator in supervising the entity.
- 2.2 The PA or FSCA must notify the supervised entity in writing prior to the on-site inspection.
- 2.3 The Parties agree to comply with section 132 of the FSR Act to:
  - 2.3.1 Conduct onsite inspections independently, but consult and co-ordinate the timing of the visits to the extent practicable and appropriate.
  - 2.3.2 Share each other's approved on-site inspection plans (both general and thematic visits) as early as reasonably practicable, to enable the Parties to co-ordinate and for information sharing purposes.
  - 2.3.3 Consult with each other, where there are overlapping concerns or if the nature of the situation requires it, to decide whether or not to do a joint on-site inspection.
  - 2.3.4 Notify the other Party of material concerns are detected that could result in supervisory or regulatory action.
  - 2.3.5 Notify the other Party if material concerns relating to the other Party's object are detected.

2.3.6 Share information and documentation related to the on-site inspection.

2.4 The arrangements in 2.1 to 2.3 above only relate to:

2.4.1 a bank, mutual bank, co-operative bank, co-operative financial institution, insurer, or a market infrastructure; or

2.4.2 a financial institution that is part of a group of companies of which a licensed financial institution referred to in 2.4.1 is a part.

### **3. Investigations**

3.1 The Parties will conduct their investigations independently of one another, but with the following courtesies in mind:

3.1.1 The investigating Party will inform the other Party of any investigation, at commencement. Such notice shall include a short summary of the scope of the investigation

3.1.2 The other Party will inform the investigating Party in writing if it requires updates (including a final report) on the investigation. If no such notice is given, it will be assumed that the other Party does not require to be updated.

3.1.3 In the event of a Party requiring documentation hereinafter for purposes of this paragraph referred to as the "requesting Party"), information or assistance during an investigation, the requesting Party shall communicate the request in writing to a person or persons identified at the other Party (hereinafter for purposes of this paragraph referred to as the "requested Party") to deal with such requests.

3.1.4 Subject to clause 4.1 of the main body of this MoU, the requested Party shall take all reasonable steps to assist the requesting Party, and shall do so within a reasonable time frame, taking into account the nature of the information requested and the level of urgency. The requested Party shall provide a full exchange of information, and provide to the requesting Party any additional information that it deems to be relevant or helpful to the investigation.

3.1.5 When providing the information or documentation, the requested Party shall indicate whether the information or documentation may be utilised for investigative, regulatory action and or enforcement action, without further

permission, or whether such further permission should be obtained. This includes proper disclosure in the normal course and scope of the supervisory functions of the requesting Party.

3.1.6 If the requested Party is not in possession of the requested information, but is able to obtain such information, the requested Party shall do so.

3.1.7 If the Parties are of the view, that in any particular matter it will be effective and advantageous to conduct a joint investigation, they may agree to do so. In such instance it is incumbent on the staff members of both Parties to conduct the investigation in a cooperative fashion with due regard to the staff members and objective of the other Party.

3.2 The arrangements in 3.1 above only relate to:

3.2.1 a bank, mutual bank, co-operative bank, co-operative financial institution, insurer, or a market infrastructure; or

3.2.2 a financial institution that is part of a group of companies of which a licensed financial institution referred to in 3.2.1 is a part.

#### **4. Responsible officials**

4.1 For purposes of this Annexure, the responsible officials from each Party are as follows:

4.1.1 For the PA: Head of Department of Financial Conglomerates and/or Divisional Head of Enforcement

4.1.2 For the FSCA: In respect of on-site inspections: Divisional Executive: Conduct of Business Supervision and in respect of Investigations Divisional Executive: Investigations and Enforcement

4.2 Each Party may change the responsible officials noted above at any time, and will notify any such change to the other Party as soon as practicable.



## **Annexure 5: Enforcement and administrative action**

### **1. Scope and Purpose**

- 1.1 This Annexure governs the relationship between the FSCA and the PA in the event of enforcement and administrative actions concerning financial institutions, as provided for in Chapters 6 and 10 of the FSR Act, in relation to SIFIs and non-SIFIs respectively.
- 1.2 The role of the SARB with regard to financial stability in terms of Chapter 2 of FSR Act and applicable MoUs with the SARB should be read with this Annexure.

### **2. Principles**

- 2.1 The Parties agree to share information with each other, the SARB and Financial Stability Oversight Committee (FSOC):
  - 2.1.1 In respect of SIFIs, as prescribed and directed by the SARB and FSOC;
  - 2.1.2 In respect of non-SIFIs, and limited to a bank, mutual bank, co-operative bank, co-operative financial institution, insurer, or a market infrastructure; or a financial institution that is part of a group of companies of which a bank, mutual bank, co-operative bank, co-operative financial institution, insurer, or a market infrastructure is a part, as follows –
    - 2.1.2.1 For guidance notes and interpretation rulings, within a reasonable time prior to publication or sharing with the financial institutions;
    - 2.1.2.2 For regulators' directives by the PA and the FSCA, after the consultation requirements of section 146 of the FSR Act have been met but before a final decision to issue a directive is taken;
    - 2.1.2.3 For enforceable undertakings, before acceptance thereof;
    - 2.1.2.4 For court orders, prior to the issue of any process for obtaining such orders;
    - 2.1.2.5 For leniency agreements, as soon as possible after the conclusion thereof irrespective of whether or not the leniency agreement is published;
    - 2.1.2.6 For statutory management agreements in terms of section 5A of the Financial Institutions (Protection of Funds) Act, 2001 (Act No. 28 of 2001), prior to the issue of the appointment letter; and

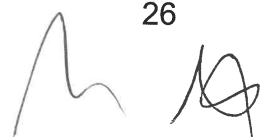
2.1.2.7 For curatorships, including curators' appointment by consent, prior to the issue of the court process or the appointment letter.

### **3. Exceptions**

If the FSOC, CEO of the PA or Commissioner of the FSCA regards any enforcement measure or other administrative action to be of a sensitive nature or as posing a systemic or financial stability risk, they may restrict the sharing of information to the FSOC, CEO of the PA, Commissioner of the FSCA, Governors of the SARB, Director General of National Treasury and the Minister of Finance, as appropriate.

### **4. Responsible officials**

- 4.1 For purposes of this annexure, the responsible officials from each Party are as follows:
  - 4.1.1 For the PA: Head of Legal Administration
  - 4.1.2 For the FSCA: Divisional Executive: Investigations and Enforcement
- 4.2 Each Party may change the responsible officials noted above at any time, and will notify any such change to the other Party as soon as practicable.

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## **Annexure 6: Designation of Financial Conglomerates**

### **1. Scope and purpose**

In terms of section 160 of the FSR Act, the PA may designate members of a group of companies as a financial conglomerate. The PA must consult the FSCA in connection with a designation.

### **2. Designation of financial conglomerates**

- 2.1 The PA, based on the criteria for designating financial conglomerates and other guiding principles will identify prospective financial conglomerates for designation as financial conglomerates.
- 2.2 The PA will thereafter correspond with the FSCA to agree on the manner in which consultation will occur.
- 2.3 Once consultation is finalised, the PA will commence with the procedures outlined in section 160(3) of the FSR Act. The PA will thereafter communicate the final designation outcome to the FSCA.
- 2.4 If the PA designates members of a group of companies as a financial conglomerate without having complied or complied fully with the requirements of section 160(3) of the FSR Act, the PA will on urgent basis thereafter, correspond with the FSCA to agree on consultation.
- 2.5 The PA will inform the FSCA when there are material changes to the structure of the financial conglomerate and will share information on any material risks that may be uncovered through supervision. This information sharing arrangement may be fulfilled through the scheduled supervisory meetings held between the PA and the FSCA independently for each institution.

### **3. Responsible officials**

- 3.1 For purposes of this Annexure, the responsible officials from each Party are as follows:
  - 3.1.1 For the PA: Head of Financial Conglomerates and Head of Banking, Insurance and Financial Market Infrastructures.
  - 3.1.2 For the FSCA: Divisional Executive: Licensing and Business Centre.

- 3.2 Each Party may change the responsible officials noted above at any time, and will notify any such change to the other Party as soon as practicable.

## **Annexure 7: General Matters relating to the Regulation and Supervision of Market Infrastructures**

### **1. Scope and Purpose**

This Annexure governs the relationship between the FSCA and the PA with regard to the regulation and supervision of market infrastructures.

### **2. Assessments in terms of section 12(c) of the FSR Act**

- 2.1 The PA and the FSCA will jointly undertake assessments on the observance by market infrastructures of principles as developed by international standard setting bodies for market infrastructures.
- 2.2 The PA and the FSCA are cognisant of the role of the SARB, including the National Payment System Department of the SARB ("NPSD") in respect of certain market infrastructures. To the extent that the market infrastructure is also assessed by the NPSD, the PA and the FSCA will engage and co-ordinate with the NPSD in order to prepare a coherent and consistent report or outcome on a market infrastructure.
- 2.3 The PA and the FSCA, after consultation with the NPSD where applicable, must prepare a consolidated assessment report and submit such report to the Financial Stability Department within the SARB to enable the SARB to comply with its obligations in terms of section 12(c) of the FSR Act.

### **3. Other assessments**

- 3.1 In addition to any returns developed by the FSCA in respect of the regulation and supervision of market infrastructures, the PA will develop returns to assess the market infrastructures' compliance with the requirements that have been delegated to the PA as set out in this MoU;
- 3.2 The PA and the FSCA will agree on the timing of and approach to the assessment in terms of section 59 of the FMA;
- 3.3 The PA and the FSCA agree to share with each other, information received from market infrastructures that will assist them in their respective assessments.

- 3.4 The FSCA and the PA will, for the purposes of the assessment contemplated above, develop a methodology for the assessment of a market infrastructure, it being agreed and recorded that:
- 3.4.1 the PA's focus will be on supervising and monitoring compliance with prudential requirements as prescribed in the FMA, FMA Regulations, Joint Standards and/or the PA's Prudential Standards; and
- 3.4.2 the FSCA's focus will be on supervising and monitoring compliance with market conduct requirements as prescribed in the FMA, FMA Regulations, Joint Standards and/or the FSCA Conduct Standards.

#### **4. Rules**

- 4.1 The FSCA will consult with the PA regarding any proposed amendments to, or suspension of, the rules of a market infrastructure in terms of section 71 of the FMA. As such, the FSCA undertakes to share with the PA within two (2) working days of the FSCA receiving proposed amendments to rules, the documents contemplated in section 71(3)(a), to allow the PA an opportunity to assess the prudential aspects of the draft rules.
- 4.2 The PA undertakes to consult with the SARB regarding the proposed rules and to submit the proposed amendments to the SARB.
- 4.3 The PA will consolidate inputs from the various divisions within the PA and SARB, where relevant, and provide feedback to the FSCA within fourteen (14) working days of receiving the relevant documents from the FSCA as contemplated in paragraph 4.1.
- 4.4 The FSCA will only after considering the inputs from the PA and the SARB publish the rules for public comment.
- 4.5 The FSCA will provide the PA with its proposed responses to the public comments on the market infrastructure's draft rules.
- 4.6 The PA will after liaising with all the relevant departments within the SARB, provide its and the SARB's inputs in respect of the FSCA's proposed responses on the comments received during the consultation period, to the FSCA within ten (10) working days of receiving the FSCA's proposed responses as contemplated in paragraph 4.5.

## **5. Eligibility criteria for central clearing**

- 5.1 The PA and FSCA will cooperate with each other to determine eligibility criteria for OTC derivative transactions to be subject to mandatory clearing; and additional mandatory clearing requirements on other categories of OTC derivative transactions as contemplated in Regulation 4 of the FMA Regulations.
- 5.2 The PA and the FSCA will jointly conduct assessments into other categories of OTC derivative transactions upon which additional mandatory clearing requirements could be based.

## **6. Incidence reporting**

- 6.1 The FSCA will upon becoming aware of any operational incident at a market infrastructure, including an operational incident as set out in any notices or standards issued by the FSCA, immediately notify the SARB and the PA of such incident and immediately provide the PA with any operational incidence reports that the FSCA receives from a market infrastructure.
- 6.2 The PA will upon becoming aware of any operational incident at a market infrastructure, including an operational incident as set out in any notices or standards issued by the PA, immediately notify the FSCA of such incident and immediately provide the FSCA with any operational incidence reports that the PA receives from a market infrastructure.

## **7. Interoperability arrangements for central counterparties**

The PA, the FSCA and the SARB will develop a process for approval of interoperability arrangements as provided for in Regulation 41 of the FMA Regulations.

## **8. Duties imposed on exchange authorised users by the Financial Intelligence Centre Act**

- 8.1 It is recorded that the FSCA remains the responsible authority for supervising and monitoring compliance, by authorised users of an exchange, with the duties imposed on its authorised users by the Financial Intelligence Centre Act. In this regard it is agreed that:

- 8.1.1 the FSCA will receive the supervisory reports from an exchange;
- 8.1.2 to the extent that the FSCA identifies an issue of concern on such supervisory reports, the FSCA shall refer it to the PA;
- 8.1.3 nothing contained in this paragraph shall limit the rights of the PA in respect of reducing the risk of financial crime as contemplated in the FSR Act.

**9. Other matters**

- 9.1 The FSCA agrees to consult the PA and consider the inputs of the PA before considering the approvals referred to in sections 63(1), 64(1), 67(3) and (4) and section 71(3)(c) and (5)(a) of the Financial Market Act.
- 9.2 The FSCA agrees not to grant the approval referred to in section 68(2) of the Financial Market Act without the concurrence of the PA.
- 9.3 The FSCA agrees to share the information referred to in section 70(2) of the Financial Market Act with the PA in accordance with the provisions of this MoU regarding the sharing of information.

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## **Annexure 8: Delegation of Powers – Framework and System of Delegation**

### **1. Scope and purpose**

- 1.1 Sections 48(4) and 71(5) of the FSR Act provide that the PA and the FSCA may delegate any power or duty to the other Party in accordance with a framework and system of delegation developed by the financial sector regulators to ensure that any delegation does not constrain the Parties from achieving their respective objectives as set out in the FSR Act.
- 1.2 The delegation of powers between the Parties is dealt with in paragraph 10 of the MoU.
- 1.3 This annexure consists of three parts -
  - 1.3.1 Part 1 – General application
  - 1.3.2 Part 2 –Market Infrastructures
  - 1.3.3 Part 3 - Insurance

### **Part 1 – General Application**

#### **2. Framework and system for delegation of power**

- 2.1 The PA and the FSCA agree that they will exercise their respective powers to delegate a duty or function conferred on either of them or where either of the PA or the FSCA has been conferred with a power or a duty or deemed the responsible authority in terms of a financial sector law or the FSR Act and where either of the PA or the FSCA is of the view that the other Party possesses the infrastructure, resources or expertise to fulfil the delegated duty or function.
- 2.2 Where either of the PA or the FSCA exercises this power of delegation in respect of:
  - 2.2.1 On site-inspections, investigations or enforcement under a financial sector law or the FSR Act, the Authority conducting the inspection or investigation must submit a quarterly report on the inspection or investigation it has conducted to the other Authority and enforcement actions must follow the agreed procedures set out in this MoU;
  - 2.2.2 the supervision of anti-money laundering and combating of the financing of terrorism of any financial institution that has been designated as an accountable institution in terms of the Financial Intelligence Centre Act, the

Party conducting the supervision must provide the other Party with a quarterly report on the supervision being conducted; and regulation and enforcement actions must follow the agreed procedures set out in this MOU; and

- 2.2.3 the collection of levies, the Parties may amend or revoke the delegation depending on the capacity of either of the Party to collect levies.

### **3. Reporting**

The Parties shall inform each other in writing of any action referred to in paragraph 2, and keep each other informed of the status and progress of the action.

## **Part 2 –Market Infrastructures (MIs)**

### **4. Delegation of powers and duties relating to the regulation and supervision of market infrastructure matters**

- 4.1 In order to enable the PA to conduct prudential regulation and supervision over market infrastructures, the FSCA hereby delegates to the PA, the powers conferred on it by section 5(1) of the FSR Act to regulate and supervise :-

- 4.1.1 the assets and resources requirements as set out in sections 8(1)(a), 28(1)(a), 48(1)(a) and 55(1)(a) of the FMA;
- 4.1.2 in respect a licensed exchange, the requirements set out in sections 8(1)(b), (c), (f), (g), (h), (i), and (k) and sections 65 and 66 of the FMA , insofar as these requirements relate to matters within the objectives of the PA;
- 4.1.3 in respect of a licensed central securities depository, the requirements set out in sections 28(1)(b), (c), (e), (f), (g) and (h) of the FMA insofar as these requirements relate to matters within the objectives of the PA;
- 4.1.4 in respect a licensed clearing house, the requirements set out in sections 48(1)(b), (c), (d), (e), (f), (g) and (h) and sections 65 and 66 of the FMA insofar as these requirements relate to matters within the objectives of the PA;
- 4.1.5 in respect of a licensed central counterparty, the requirements set out in sections 48(1)(b), (c), (d), (e), (f), (g) and (h) and section 48(1)(A), (a), (b), (c), (d) and (e) and sections 65 and 66 of the FMA insofar as these requirements relate to matters within the objectives of the PA;

- 4.1.6 in respect of a licensed trade repository, the requirements set out in section 55(1)(b), (c), (d), (e), (f), (h) and (i) and sections 65 and 66 of the FMA, read with paragraphs 1 to 10 of the Joint Standard on the Requirements and Duties of a Trade Repository insofar as these requirements relate to matters within the objectives of the PA;
- 4.1.7 in respect of a licensed central securities depository or a licensed central counterparty as the case may be, the requirements in Regulations 7, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20 and 41 of the FMA Regulations insofar as these requirements relate to matters within the objectives of the PA;
- 4.1.8 in respect of a licensed market infrastructure, other than a central counterparty, the requirements in Regulation 8(1) of the FMA Regulations. This delegation entails that –
- 4.1.8.1 the PA will, in consultation with the FSCA, develop returns to assess the market infrastructure's compliance with the requirements in the Regulations;
- 4.1.8.2 the PA will assess the quarterly reports submitted in terms of Regulation 8.2.
- 4.1.9 the requirements in Regulations 21 to 40 of the Regulations. This delegation entails that –
- 4.1.9.1 the PA will, in consultation with the FSCA, develop returns to assess the central counterparty's compliance with the requirements in Regulations 21 to 40 of the FMA Regulations; and
- 4.1.9.2 the PA will assess compliance by the central counterparty with Regulations 21 to 40 of the FMA Regulations;;
- 4.1.10 in respect of a licensed ODP, the requirements set out in paragraphs 4.1; 4.2; 4.3 and 4.5 of the Conduct Standard on the Criteria for Authorisation of an ODP, insofar as these requirements relate to matters within the objectives of the PA.

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### **Part 3 - Insurance**

#### **5. Delegation of powers and duties relating to the regulation and supervision of insurance matters**

5.1 The PA agrees to delegate the supervision and regulation of compliance in relation to the following insurance matters to the FSCA:

5.1.1 Section 5(1) and 67(1) of the IA to the extent that those sections relate to insurance activities or business conducted by persons that are not registered or licenced under the IA, other than reinsurance activities or business;

5.1.2 Section 5(9) of the IA;

5.1.3 Matters set out in section 111(4) of the FSR Act, to the extent that the section relates to activities or business conducted by persons that are purporting to be conducting insurance business; and

5.1.4 Part 7 of the Regulations made under section 72(2A) of the LTIA, which regulations from the effective date of the IA, are regarded as having been made under section 69(1) of the latter Act as per Item 2(2) of Schedule 3 to that Act;

5.1.5 Part 7 of the Regulations made under and section 70(2A) of the STIA, which regulations from the effective date of the IA, are regarded as having been made under section 69(1) of the latter Act as per Item 2(2) of Schedule 3 to that Act.

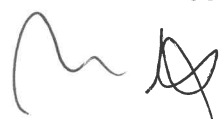
5.2 The FSCA shall inform the PA in writing of any regulatory action referred to in paragraph 5.1, and keep the PA informed of the status and progress of the intended regulatory action.

#### **6. Responsible officials**

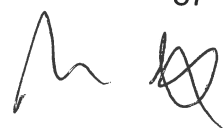
6.1 For purposes of this Annexure, the responsible officials from each authority are as follows:

6.1.1 For the PA: Head of Financial Conglomerates and/or Head of Banking, Insurance and FMI Supervision

6.1.2 For the FSCA: Divisional Executive: Market Integrity/Divisional Executive: Investigations and enforcement/Divisional Executive: Regulatory Policy.



- 6.2 Each authority may change the responsible officials noted above at any time, and will notify any such change to the other authority as soon as practicable.

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## **Annexure 9: Supervision of accountable institutions in terms of Financial Intelligence Centre Act**

### **1. Purpose of Supervisory arrangement**

The purpose of this arrangement is to regulate, strengthen and formalise matters of common interest, mutual co-operation, collaboration, assistance and exchange of information between the Parties to this arrangement, with the aim of minimising duplication of effort or expense, in the fulfilment of their concomitant supervision and enforcement responsibilities in terms of the FIC Act.

### **2. Supervisory responsibilities**

- 2.1 The PA and FSCA are supervisory bodies in terms of schedule 2 of FIC Act.
- 2.2 The PA is the supervisory body of Banks, Mutual Banks, and Life Insurance Companies (by FSCA delegation in terms of the Interim Agreement between the Parties`, dated 24 July 2018 and this MoU).
- 2.3 The FSCA is the supervisory body of Financial Services Providers, Collective Investment Schemes Managers, and Authorised users of an Exchange.
- 2.4 With regards to AML/CFT Inspections in terms of FIC Act, the Parties agree to:
  - 2.4.1 Conduct onsite inspections independently, but consult and co-ordinate the timing of the visits to the extent practicable and appropriate.
  - 2.4.2 Share each other's approved on-site inspection plans (both general and thematic visits) as early as reasonably practicable, to enable the Parties to co-ordinate and for information sharing purposes.
  - 2.4.3 Consult with each other, where there are overlapping concerns or if the nature of the situation requires it, to decide whether or not to do a joint visit.
  - 2.4.4 Notify the other Party of material concerns are detected/identified that could result in supervisory or regulatory action.
  - 2.4.5 Notify the other Party if material concerns relating to the other Party's objectives are picked up.
  - 2.4.6 Share information and documentation where necessary related to the on-site inspection.
- 2.5 Sharing of information and Information requests at supervised institutions

- 2.4.1 In response to requests for information in pursuance of their concomitant supervisory and enforcement responsibilities in terms of the FIC Act, the Parties to this arrangement will provide the all possible measure of mutual assistance
- 2.4.2 The exchange of information may include, inter alia:
- 2.4.2.1 Information relevant to the issuing of directives and guidance in terms of the provisions of the FIC Act;
  - 2.4.2.2 Information relevant to the preparation and conducting of supervisory investigations and/or inspections in terms of the provisions of the FIC Act;
  - 2.4.2.3 Information relevant to enforcement action taken against a non-compliant accountable institution in terms of the provisions of the FIC Act;
  - 2.4.2.4 Information relevant to appeals or other legal proceedings instituted in terms of the provisions of the FIC Act;
  - 2.4.2.5 Statistical information and data relating to the compliance obligations of an accountable institution in terms of the provisions of the FIC Act;
  - 2.4.2.6 Information relevant to the conducting of fit and proper assessments on persons seeking to hold office in an accountable institution in terms of any financial sector legislation;
  - 2.4.2.7 Information on research and training in relation to supervisory and enforcement matters relevant to the provisions of the FIC Act;
  - 2.4.2.8 Any other information that the Parties to this arrangement may deem relevant to the exercise of their supervisory and enforcement responsibilities in terms of the FIC Act; and
  - 2.4.2.9 Parties to coordinate requesting of information from the accountable institutions within financial conglomerates supervised by PA and or FSCA.

### **3. Collaboration and Engagements**

The Parties undertake to consult on a quarterly basis on strategic issues relating to the supervision and enforcement of the FIC Act.

### **4. Responsible officials**

4.1 For purposes of this Annexure, the responsible officials from each authority are as follows:

4.1.1 For the PA: Head: Financial Conglomerate Supervision

4.1.2 For the FSCA: Divisional Executive: Conduct of Business Supervision.

4.2 Each authority may change the responsible officials noted above at any time, and will notify any such change to the other authority as soon as practicable.



## **Annexure 10: Minimising the duplication of effort and expense**

### **1. Scope and purpose**

Section 76(1)(e) of the FSR Act requires the PA and the FSCA to minimise the duplication of effort and expense, including by establishing and using, where appropriate, common or shared databases and other facilities.

### **2. Establishment of a bilateral ICT governance committee**

The FSCA and the PA will establish a bilateral ICT governance committee to serve as oversight for the implementation and operation of agreed shared technology platforms, including considering financial technologies, as may be appropriate.

### **3. Process for systems implementations**

- 3.1 In initiating projects to implement new systems and or business processes having an impact on any of the business processes identified to enable and support the collaboration, the FSCA and the PA will consult each other with respect to execution of such projects.
- 3.2 The FSCA and the PA shall investigate possible establishment of integration platforms to enable seamless flow of information identified for sharing, including new technologies as these become available.
- 3.3 Where there is a reasonable possibility of avoiding duplication of costs in respect of meeting their respective objectives, for example costs associated with gathering and/or sharing information or international representation, the Parties may enter into appropriate cost sharing arrangements.

### **4. Systems enhancements**

- 4.1 The FSCA and the PA will on a continual basis investigate available cost-effective solutions such as cloud-based platforms or blockchain technologies
- 4.2 These decisions and implementations include continual monitoring and review of ICT related security policies and risks.

- 4.3 Each institution must put measures in place to ensure there is consultation regarding changes or improvements in their ICT systems that may have a direct impact to the platforms set up to support the collaboration.

**5. Responsible officials**

- 5.1 For purposes of this annexure, the responsible officials from each Party are as follows:
- 5.1.1 For the PA: Head of Transformation.
  - 5.1.2 For the FSCA: The Chief Information Officer.
- 5.2 Each authority may change the responsible officials noted above at any time, and will notify any such change to the other authority as soon as practicable.