



**RFEU NO. 1 of 2020**

**ENFORCEABLE UNDERTAKING IN TERMS OF SECTION 151(1) OF THE  
FINANCIAL SECTOR REGULATION ACT, 2017  
(Discovery Investment Retirement Annuity Fund, Discovery Preservation  
Pension Fund, Discovery Preservation Provident Fund, Discovery Retirement  
Annuity Fund, Discovery Life Pension Umbrella Fund, Discovery Life Provident  
Umbrella Fund and Discovery Life Limited)**

**BACKGROUND:**

1. Discovery Life Limited and Discovery Life Investments Services (Pty) Limited (hereinafter referred to as "the service providers") were appointed to provide services to Discovery Investment Retirement Annuity Fund, Discovery Preservation Pension Fund, Discovery Preservation Provident Fund, Discovery Retirement Annuity Fund, Discovery Life Pension Umbrella Fund and Discovery Life Provident Umbrella Fund (hereinafter referred to as "the Funds").
2. During 2019, an employee of Discovery Life Limited was appointed as the Principal Officer of the Funds.
3. On 27 September 2019, the Financial Sector Conduct Authority ("the Authority") raised concerns about the following non-compliances:

- 3.1. The employee's employment at Discovery Life Limited whilst simultaneously being Principal Officer of the Funds constitutes impermissible gratification, in contravention of section 4.1(a) read together with section 1.4(d) of Directive PF No. 8 of 2019 ("the Directive").
  - 3.2. The employee's employment at Discovery Life Limited whilst simultaneously being Principal Officer of the Funds, constitutes a breach of section 7C(2)(c) of the Pension Funds Act, 1956.
4. Subsequent to 27 September 2019 and a follow-up meeting of 11 October 2019, the Funds and Discovery Life Limited accepted that their *bona fide* interpretation afforded to section 4 of the Directive by the Boards of Trustees of the Funds is inconsistent with that of the Authority. The Boards of Trustees of the Funds and Discovery Life Limited, pre-27 September 2019, were genuinely of the view that the employment of the Principal Officer by Discovery Life Limited, objectively viewed, did not create a conflict of interest with the Principal Officer's duties to the Funds as appropriate measures were in place to safeguard the Principal Officer's independence. The Funds and Discovery Life Limited undertook, in a letter dated 14 October 2019 to take steps to facilitate alignment with the Authority's interpretation of section 4 of the Directive.

**ENFORCEABLE UNDERTAKING:**

5. As a result of the foregoing, the Funds and Discovery Life Limited give the following Enforceable Undertaking to the Financial Sector Conduct Authority in terms of section 151(1) of the Financial Sector Regulation Act, 2017:
  - 5.1. The Funds undertake to appoint a Principal Officer that is independent from the service providers within six months of signing this Enforceable Undertaking.

- 5.2. The board of the Funds undertake to ensure that no officer of the Funds has an interest in a service provider of the Funds.
- 5.3. Discovery Life Limited undertakes to ensure that none of its directors or employees are appointed as officers, in contravention of the Directive, to the Funds it provides services to.

DATED AT \_\_\_\_\_ ON THIS 11<sup>th</sup> DAY OF March 2020.



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Jeremy Andrew  
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**CHAIRPERSON: JEREMY ANDREW**

**DISCOVERY INVESTMENT RETIREMENT ANNUITY FUND, DISCOVERY PRESERVATION PENSION FUND, DISCOVERY PRESERVATION PROVIDENT FUND, DISCOVERY RETIREMENT ANNUITY FUND**

DATED AT \_\_\_\_\_ ON THIS 11<sup>th</sup> DAY OF March 2020.



**CHAIRPERSON: JONATHAN BAGG**

**DISCOVERY LIFE PENSION UMBRELLA FUND AND  
DISCOVERY LIFE PROVIDENT UMBRELLA FUND**

DATED AT \_\_\_\_\_ ON THIS 11<sup>th</sup> DAY OF March 2020.



**DISCOVERY LIFE LIMITED**  
NAME: Riaan van Reenen  
CAPACITY: CEO, Discovery Life.

The aforesaid Enforceable Undertaking is accepted by the Financial Sector Conduct Authority in terms of section 151(1) of the Financial Sector Regulation Act, 2017.

DATED AT PRETORIA ON THIS 11 DAY OF MARCH 2020.



**OLANO MAKHUBELA**  
DIVISIONAL EXECUTIVE: RETIREMENT FUNDS SUPERVISION  
FOR THE FINANCIAL SECTOR CONDUCT AUTHORITY

