

FSCA Communication 55 of 2020 (CIS)

Publication of draft Conduct Standard - Governance, Fit and Proper and Other Requirements for Managers of Collective Investment Schemes

2 December 2020

1. PURPOSE

The purpose of this Communication is to inform stakeholders that today the Financial Sector Conduct Authority (FSCA) published the following Conduct Standard and supporting documents in terms of section 106(1) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act):

1.1 Draft Conduct Standard on Governance, Fit and Proper and Other Requirements for Managers of Collective Investment Schemes:

- Draft Conduct Standard;
- Statement supporting the draft Conduct Standard; and
- Comments Template.

2. BACKGROUND

- 2.1 The draft Conduct Standard sets out principles and fit and proper requirements that CIS managers must comply with on an ongoing basis.
- 2.2 The draft Conduct Standard contains requirements relating to governance arrangements; obligations of the board; directors; competence; honesty, integrity and good standing; significant owners; financial soundness; operational ability; trustees and custodians; appointment of auditors; establishment of an audit committee; conflicts of interest and complaints management; risk management and liquidity risk management; portfolio applications and approval; winding up, amendment and amalgamation of a portfolio.
- 2.3 The fit and proper requirements for directors have been improved to ensure that each CIS manager appoints an executive director and to provide for clarity with regard to the meaning of an independent director.
- 2.4 The draft Conduct Standard also provides for an updated complaint resolution procedure, additional conflict of interest requirements, liquidity risk management requirements as well as guidelines and requirements for the termination of portfolios

in terms of section 102 of the Act. The draft Conduct Standard also provide for the applications for amendments and amalgamations of portfolios.

3. AVAILABILITY OF INFORMATION AND ENQUIRIES

- 3.1 The documents referred to in paragraph 1 is available on the FSCA's website at www.fsca.co.za.
- 3.2 For more information regarding the draft Conduct Standard and/or this Communication please contact the Regulatory Frameworks Department of the Authority at Andile.Mjadu@fsca.co.za or Marius.DeJongh@fsca.co.za.



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