Financial Sector
Conduct Authority

CONSULTATION REPORT

CONDUCT STANDARD – PAYMENT OF PENSION FUND CONTRIBUTIONS

PENSION FUNDS ACT, 1956 (ACT NO. 24 OF 1956)
FINANCIAL SECTOR REGULATION ACT, 2017 (ACT NO. 9 OF 2017)

1. Purpose

The purpose of this document is to set out, as required in terms of section 104(1) of the Financial Sector Regulation Act, 2017 (FSR Act), a report on the consultation process undertaken in respect of the draft Conduct Standard – Payment of pension fund contributions.

2. Summary of public consultation process

2.1 This consultation report must be read with the Statement supporting the draft Conduct Standard – Requirement related to the payment of pension fund contributions.

2.2 On 29 May 2020, the Financial Sector Conduct Authority (FSCA or Authority) published for public comment a draft Notice proposing requirements related to the payment of pension fund contributions. The FSCA published the following documents together with the draft Notice:

- Draft Conduct Standard - Requirements related to the payment of pension fund contributions (draft Conduct Standard);
- Annexures, A, B, and C to the draft Conduct Standard;
- Statement explaining the need for, intended operation and expected impact of the draft Conduct Standard; and
- Comments Template.

2.3 A total of 178 individual comments were received from 12 different commentators on the draft Conduct Standard that was published for public consultation.

2.4 All comments received as part of the public consultation process were considered and are set out in the table as per the Schedule below, together with the FSCA's responses to the comments received.

2.5 To the extent that the FSCA agreed with commentary received, amendments were made to the draft Conduct Standard accommodating such comments.

3. General account of the issues raised in the submissions made during the consultation process

A general account of the issues raised in the submissions made during the consultation process are set out in the table below:

#	**Issue**	**FSCA response**
1.	Commentators expressed views regarding requirements for minimum information to be contained in a contribution statement. Commentators were of the view due to the nature of some of the funds, that not all the minimum member data will be applicable and/or available, and that not being able to provide the minimum data would result in a fund and participating employer being non-compliant with the Conduct Standard.	The FSCA acknowledges that some of the information items might be problematic in the context raised. Consequently, the Conduct Standard has been amended to no longer make certain information mandatory if not available.
2.	Commentators were concerned with the practical implementation of some of the requirements regarding reporting of section 13A contravention to the South African Police Service (SAPS) and/or the National Prosecuting Authority. Amongst others, it was stated that the SAPS does not have the capacity to deal with the reports.	Although the FSCA acknowledges that there have been practical and capacity challenges, such should not serve as basis for not having this as a requirement. This requirement is still important, even if it just serves as a mechanism to deter undesirable behaviour whilst the practicalities are being addressed. It might also be noted that the FSCA is in the process of liaising with the SAPS to see to what extent the process can be improved.

3.	Another concern raised was the practical implication if employers are not willing, or unable, to provide the personal contact details of their staff. It was contended that the Conduct Standard does not impose any penalty for non-submission or some mechanisms to force employers to provide the outstanding member details.	The FSCA takes note of this concern, but disagrees. Clause 3 of the conduct standard, which stipulates the minimum information to be furnished to a fund by an employer with regard to payments of contributions made by the employer in terms of section 13A(1), applies directly to the employer. If an employer does not comply with clause 3 the employer is in contravention of the conduct standard. In addition, it would typically also constitute a contravention of section 13A of the Pension Funds Act, 1956 (PFA), which also applies directly to the employer, and in terms of section 37 of the PFA a penalty can be imposed for such contravention. The FSCA is therefore of the view that appropriate mechanisms exist in law to enforce the requirements on employers that do not comply with the conduct standard and section 13A of the PFA.
4.	Four commentators stated that the transitional period of 90 days is not sufficient. Two commentators proposed a 12-month period and 2 commentators proposed a 24-month period. The main reason provided for the extended transitional period is that changes to administration systems will be necessary and 90 days is not sufficient time to allow for such changes.	The FSCA notes concerns regarding the implementation period. However, the vast majority of the requirements in the Conduct Standard is based on existing requirements contained in Regulation 33. To the extent that new requirements are included (e.g. additional information that must be reported), the FSCA is of the view that these requirements will not necessitate major system changes. Notwithstanding, we have included some measures to deal with implementation problems: 1. The implementation date has been stated as being 6 months after publication or on a later date determined by the Authority. If

		implementation becomes a widespread problem across the industry as a whole because the 6-month period is insufficient, the Authority would therefore be able to extend the implementation period. 2. If, however implementation in the 6-month period is not a widespread issue, but limited to specific scenarios, these instances will be considered on a case-by-case basis and, if justified, individual dispensations will be granted via exemptions.
5.	Commentators had differing views on whether the Conduct Standard will result in additional costs for the affected persons. Several commentators were of the view that the Conduct Standard will not result in additional compliance costs (ostensibly because a lot of the requirements are already in existence under regulation 33). Several commentators were, however, of the view that there will be increased compliance costs due to required system and process changes (including development costs), as well as additional administration costs.	The significant differing views on this issue, coupled with the fact that no commentators submitted any quantitative data or estimations of the expected cost implications, makes it difficult to gauge the potential impact. However, on the basis of the information at the disposal of the FCSA we are of the view that the cost implications will not be too significant.

SCHEDULE

#	Commentators	Acronym
1.	Office of the Pension Funds Adjudicator	**OPFA**
2.	Institute of Retirement Funds Africa	**IRFA**
3.	Batseta Council of Retirement Funds for South Africa	**BATSETA**
4.	Sentinel Retirement Fund	**SENTINEL**
5.	Old Mutual	**OM**
6.	Soundsolve (on behalf of its clients)	**Soundsolve**
7.	Employee Benefits Competency Committee	**EBCC**
8.	Prescient Fund Services (Pty) Ltd	**Prescient**
9.	Acravest (Pty) Ltd	**Acravest**
10.	Meat Trade Provident Fund / Meat Trade Pension Fund	**MTPF**
11.	Willis Towers Watson	**WTW**
12.	Employee Benefit Solutions (Pty) Ltd	**EBS**

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#	**Commentator**	**Section**	**Issue/Comment/Recommendation**	**FSCA Response**
			1. DEFINITIONS	
1.	OPFA	Section 1, definition of "Authority"	Given the preamble to the definitions section and that Authority is defined in the Act, providing another definition is superfluous. Consider deleting.	Agreed. Amendment made.
2.	OPFA	Section 1, definition of "contribution statement"	Consider inserting the words "*referred to in section 13A(2) of the Act*" after "…must be furnished".	Agreed, proposed wording inserted.
3.	IRFA	Section 1, definition of 'initial contribution statement'	We suggest that "to be" be inserted before "provided".	Agreed, proposed wording inserted.
4.	IRFA	Section 1, include a definition of 'employer'	"Employer" should be defined with reference to the definition in the Pension Funds Act. It is important that it is understood that it is the employer that participates in the fund that has the obligations with respect to 13A and not a different employer in the employer's group of companies or a payroll point, etc.	Disagree, the preamble to the definition clause already states that a term in the Conduct Standard has the meaning defined in the Act.
5.	IRFA	Section 1, definitions of 'long-term insurer', 'long-term policy' and 'policy benefits'	The following definitions are not used in the body of the Conduct Standard and should be removed: • Long-term insurer - or is the intention that this definition is referring to the insurer, as contemplated in s13A(3)(a)(iii) where the fund is an underwritten fund and the contributions are paid into the bank account of the insurer? If yes, then Annexure A needs to be amended to include reference to 'long term insurer' in paragraph 3(b). • Long-term policy	Agreed, all three definitions have been deleted.

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			• Policy benefits Please bear in mind that insurance licences should have been converted by the Prudential Authority in terms of the Insurance Act by 1 July 2020.	
6.	IRFA	Section 1, include a definition of 'writing'	"writing" includes any communication by any appropriate electronic medium that is accurately and readily reducible to written or printed form; and "written" has a corresponding meaning.	Agreed, amendment made.
7.	BATSETA	Section 1, Role of the employer.	The Conduct Standard impacts members, employers and attorneys. It is unfortunately the case that an important stakeholder such as a participating employer in a fund is not subject to financial sector supervision as it currently stands, whether one considers the PFA or FSRA. It impacts the funds compliance levels and will do so in terms of this Conduct Standard. As employers do not fall within the ambit of the FSRA and by extension the FSCA at present, regulation 33 should not be repealed until CoFI comes into operation.	Disagree. Please note that most of the requirements in the conduct standard apply to the fund (and/or board of the fund) directly. It is only clause 3 that applies to the employer directly. However, section 13A(2)(a) of the Act empowers the FSCA to prescribe the minimum information that an employer must furnish to a fund with regards to payment of contributions. Therefore, section 13A(2)(a) of the Act empowers the FSCA to place certain requirements directly on the employer as is done through clause 3 of the Conduct Standard. Section 1A(4)(a) of the Act further states that a reference in the Act to a matter being prescribed must be read as a reference to the matter being prescribed in amongst other things a conduct standard. We therefore remain of the view that the matters prescribed under section 13A(2)(a)

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				of the Act is appropriately placed in a conduct standard.
8.	BATSETA	Section 1, include a definition of 'writing'	Communication takes many shapes and forms. Employers often communicate electronically (via e-mail or by SMS). It is therefore necessary to include a definition of "Writing" to ensure that electronic modes of communication are recognised. Suggested definition: "Writing "means- any communication regardless of medium or form that is accurately and readily reducible to a written or printed form; and "written" has a corresponding meaning."	Agreed, see response to item 6 above.
	2. EMPLOYER ESTABLISHING OR PARTICIPATING IN A FUND			
9.	Sentinel	2(1)	Agreed. The wording should also allow for a fund to notify the employer as part of the take-on process of the employer and not only after commencement of participation.	Agree, see amended provision which now requires that the notification must be sent prior to commencement.
10.	OM	2(1)	1. OM supports the approach to inform employers of their duties, obligations and liabilities. 2. OM submits that practically it makes more sense to provide Annexure A to a prospective employer during the application stage (on-boarding), rather than 30 days after commencement. This will ensure that the employer is aware upfront of what their obligations are and what that of the Fund is in relation to section 13A. OM also recommends that the employer should, prior to commencement of the participation to the Fund, be required to provide the name of the responsible person as required in paragraph 7 of Annexure A. 3. It is suggested that the annual submission of Annexure A should not be done on the anniversary	1. Noted. 2. Agree, see amended provision which now requires that the notification must be sent prior to commencement. 3. Agree that more flexibility should be provide for, please see amended provision. However, it is unclear why you propose that annual confirmation should be based on the date of commencement of the Standard. In our view this will result in impracticalities.

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			date, but rather annually from date of commencement of the Standard.	
11.	IRFA	2(1)	Commercial umbrella funds have a large number of participating employers. In respect of the requirement to notify employers "annually thereafter", the preference of some umbrella funds is to undertake the exercise (together with all other fee and condition reviews) once a year for all employers, rather than on rolling commencement dates. Other umbrella funds may prefer rolling implementation dates, and the option to conduct the process annually on either a single date or on a rolling basis should be granted. Can the requirement be drafted with sufficient flexibility to allow funds to determine what date they will use for the annual notification? It will be helpful if employers need to be advised only every three years, rather than annually, of their duties and obligations, as this information does not change regularly.	Disagree that the wording implied that the annual notification must occur on the anniversary date/rolling basis. In our view the wording did allow for flexibility. The wording has been slightly changed to state that the notification must be given on an annual basis thereafter, but please note (as explained above) that on an annual basis does not imply that it must occur on the anniversary date.
12.	IRFA	2(1)	Practically it makes more sense to provide Annexure A to a prospective employer during the application stage (on-boarding), rather than 30 days after commencement. This will ensure that the employer is aware upfront of what their obligations are and what that of the Fund is in relation to section 13A. It is also recommended that the employer should, prior to commencement of the participation to the Fund, be required to provide the name of the responsible person as required in paragraph 7 of Annexure A.	Agree, see amended provision which now requires that the notification must be sent prior to commencement.

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13.	Soundsolve	2(1)	Question: Will there be a set date whereby existing Employers will need to be provided with this communication, or would this be issued at the renewal date of the specified Employer?	After the Conduct Standard becomes effective, existing employers will have to provide the communication annually in accordance with clause 2(1).
14.	EBCC	2(1)	The EB Committee supports the approach to inform employers of their duties, obligations and liabilities.	Noted.
15.	Prescient	2(1)	What is the FSCA's reasoning behind requiring an annual notification to the employer? Will this then result in the umbrella fund also being liable should the employer not fulfil their obligations, if the umbrella fund has not done an annual notification? Surely it is not the responsibility of the umbrella fund to keep on reminding the employer of their obligations?	As per the wording of the clause, the obligation to communicate is placed on the fund directly. It is therefore the responsibility of the Fund to communicate with stakeholders of the Fund.
16.	BATSETA	2(1)	Annual communication to employers on their obligations, duties and liabilities under Sec 13 and the Conduct Standard is supported. However, funds operational practises and processes differ and there should be flexibility to allow funds to align these annual notifications accordingly.	In our view flexibility is provided for. Also see our response to item 11 above.
17.	BATSETA	2(1)	The 30-day notification should be issued to the employer prior to the commencement of the participation in the fund rather than after the commencement date. This accords with TCF and principles of contract law. The employer should provide the contact details of **responsible office** and not only the **responsible persons** due to change in staff compliments. Funds should retain proof of such communication in an appropriate format. Certain duties placed on employers should be included in Annexure A:	Agree, see comments and responses above.

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			• • The employer must inform the fund of any changes to liable persons • • The employer should provide proof that the liable persons have been informed of their duties, obligations and liable person • • Reference must be made to Fund's or long-tern insurer's bank account, as s 13A(a)(ii)	
18.	Sentinel	2(2)	The wording should refer to the content of Annexure A to the Conduct Std as the minimum requirement. A fund may wish to incorporate this into its employer sign-on documents for example.	Please note that Clause 2(2) did make reference to Annexure A.
19.	OM	2(2)	OM is concerned about what to do if the employer does not provide the required information requested in Annexure A. In our experience employers generally do not want to provide this information. This is especially applicable to existing participating employers to an Umbrella Fund when performing the annual rate review. It is suggested that employers should be reported to the FSCA for non-adherence to the requirement of Annexure A. Please also see our comment 6 wrt to section 3(2) below.	Not providing the information would constitute a contravention by the employer and is already covered in section 13A and in the Annexure. A penalty in terms of section 37 may be issued.
20.	EBCC	2(2)	We suggest that employers are reported to the FSCA for non-adherence to the requirement of Annexure A. It is the only way that we can ensure compliance.	Agreed, the Funds should already be reporting the employers for non-compliance.
	3. MINIMUM INFORMATION			
21.	OPFA	3(2)	The OPFA often receives complaints where participating employers have not informed the fund about new employees that should be registered as members. Consider including a requirement under (h)	Agreed, subparagraph (4) included which requires that an employer must provide a declaration that all employees of the employer that are eligible to be members of

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			that provides for a declaration by the employer that all employees eligible to be members of the fund are correctly reflected on the contribution schedule.	the fund are accurately reflected in the minimum information. ✎
22.	Sentinel	3(2)	The following information points serve no real purpose and should be deleted (a), (b) & (d). The employer and fund must have this information on record as part of the employer sign-up process. Point (e): This may be problematic where an employer has a centralised payroll. Point (f) & (g): This information is obtained at sign-on of an employer via the requirements of Annexure A. Why the need to provide this again via the contributions statement? This will result in system changes to employers and the fund at additional cost. Point (h) & (v): Sentinel already uses the mining industry standardised number together with ID/Passport numbers. Adding a further identification number will only add to system changes required and not provide any additional value. Point (h) & (xi): Cost to company; not all employers operate/utilise cost-to-company package structures and those that do, do not all use the same criteria. This may, therefore, be problematic to obtain accurately.	Subparagraphs (a), (b) and (d): Disagree, we are of the view that the information is necessary to identify the members and it should apply to all funds. Subparagraph (e): No reasons or information regarding the potential problems have been explained, it is therefore not possible to address your concern. Further, please note that (as per the wording of the sub-clause) this only applies where an employer has multiple pay-points. Subparagraphs (f) and (g): We are of the view that this information is not static, it may change from month to month and can be done as and when required. Subparagraphs (h)(v): Provision has been made for industry number. ✎ Subparagraphs (h)(xi): Reference to cost to company removed. ✎
23.	WTW	3(2)	We note that the “minimum information” to be provided in terms of 3(2)(h) is greatly expanded compared to the existing Reg.33 requirements, including (inter alia) the addition of very complete employee contact details and	Correct, as positioned in the Statement of Need, there was a need to improve the current requirement contained in Regulation 33, and it was decided that it will be done

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			annual cost-to-company remuneration as well as pensionable salary. While it may be desirable for Funds to collect all this information, it is not necessary for the basic functions of reconciling and allocating contributions. Only cellphone numbers are marked here as to be provided "where available" – as the draft stands, employers will be required to provide all the other information without any exceptions. We question whether all employers will actually be holding all this information (let alone whether they will actually provide it on request by the retirement fund). Cost-to-company, specifically, may be difficult for some employers to calculate accurately. (And see related comment on 4(3) below.)	through a Conduct Standard whilst Regulation 33 will be repealed simultaneously. Please note that member information is crucial especially for effective communication with members of the Fund. The requested minimum information will assist with other processes (i.e. section 14, communication with paid-up members, eradication of unclaimed benefits) It will also support fair treatment of members in a variety of ways.
24.	OM	3(2)	1. OM welcomes the requirement that employers must provide the minimum data as set out in section 3(2). 2. Due to the nature of many of our participating employers to our Umbrella Fund, not all the minimum member data will be applicable/available. For instance, some employees may not have an email address, or some employees may not have a tax number and some employers may not have the postal addresses of the members. Not being able to provide the minimum data would result in the Fund and participating employer being non-compliant with this Standard. It is suggested that the section be reworded to allow for the provision of at least one (or some) of the minimum data requirements, but not all. Alternatively, the section can be reworded to state that the employers must provide the required minimum data as applicable or available.	1. Noted 2. We note that some information might not be available such as email addresses and cellphone number. The Standard has been amended to no longer make that information mandatory if not available. However, a tax number should be compulsory for all employees as well as the other information stipulated in the clause. 3. Agreed, amendment made. 4. See comment above, reference to "cost to company" has been removed. 5. See response to item 85 6. The Act already currently provides for recourse under section 37, it's now up to the Fund to report the contravention.

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			3. It is unclear what the benefit is for the Fund to obtain the new data field, “cost to company” (sect 3(2)(h)(xi)). OM proposes to only use pensionable salary as a required data field. 4. If “cost to company” must be obtained, OM recommends that a definition be provided to avoid different interpretations by employers. 5. It is suggested that a transition period of at least 24 months be provided for the effective date of this section to allow for system changes and data provision. 6. It is not clear what recourse the Fund will have if the employer refuses to provide the minimum member data. OM submits that it would be inappropriate to cancel participation to the Fund if all the minimum data is not provided. 7. It is not clear to OM why the details of the section 13A(8) Responsible Person must be included in **every** contribution statement. This would require additional changes to payroll systems, both by the employer and administrator. OM suggests that the responsibility be placed on the employer to notify the Fund or its administrator of any changes in this regard. To this extent OM suggests that Annexure A be amended to include such a statement to notify of any change, when required. We suggest that Annexure A include the following requirement: “Should the details of the responsible person change, you are obliged to notify the Fund within 30 days”. 8. Personal liability remains a concern for most section 13A(8) Responsible Persons, and hence the	7. Agreed, amendment made to clause (3)(a) to state that the responsible person must only be reflected if the responsible person changed. 8. Non-compliance with section 13A(8) is punishable by law in terms of section 37. A contravention of this Conduct Standard could also result in penalties. If employers do not provide the detail they could therefore attract administrative sanctions.

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			Industry is struggling to obtain personal details and consent of an individual accountable person. In the absence of any enforceable action or consequences, the participating employers may continue to not provide the details of an individual responsible person.	
25.	EBS	3(2)	For items 2b,d,f,g - The requirement to send this with the first payroll is unnecessary as to set up a payroll on a fund in order to be able to receive the payroll all of the information listed would be required and it is not feasible to have data unnecessary to the receipt of contributions data being unnecessarily transmitted each month. There should rather be a distinction between running payrolls and data required rather than first payroll and subsequent payroll. What is important for the payroll is to be able to identify for whom the payroll is i.e. fund and participating employer and that all the static data (and its changes) and the financial data is provided. In order to receive the latter, you will have had to set up a participating employer in the fund, where less frequently changed data can and is held i.e. the items listed at the beginning of this paragraph. Nothing is achieved by receiving the employers address for example in every pay roll file especially as most employers will make use of the fund administrator technology to submit the information, it adds no value to the actual process. For example in a monthly payroll process, for static data only changes are provided and processed there is no need for all static data that has not changed to be	We disagree, the information must be provided on take-on as this serves a crucial purpose for onward communication with members of the fund.

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			communicated back to the fund, for example a person's date of birth, while this can change it is rare. For the employer to transmit it every month is impractical however if a member's DOB does change, for whatever reason, that must be communicated through the payroll. For h(xi) please make annual pensionable emoluments and annual cost to company a separate point each. As it is set out, we can see it being interpreted as either or. In addition, many participating employers provide the monthly salary for that month or in some cases the weekly salary rather than the annual salary if it can be set out as weekly/monthly/annual	Reference to cost to company has been removed.
26.	IRFA	3(2)	1. The contribution statements are system driven in most cases. Including the identity of the liable person in paragraph (g) may be difficult to add, and the details are not always known to the Fund. 2. Concerns have been noted that it may be a challenge to obtain the information from all employers and that both funds/administrators may be submitting numerous notifications to the FSCA and SAPS. 3. Not all employers may pay on a CTC basis and different employers may have different interpretations of CTC. A more generic term should be considered to cover the various permutations of remuneration earned by employees. What is the reason for asking for CTC? 4. It was also noted that these changes will require changes to payroll systems which are normally met	1. System changes will have to be made to provide for this field. The details should be known to the fund. 2. It appears to be an internal logistical issue that must be resolved by the Administrator and the Fund. 3. Agreed. See amended definition where reference to CTC has been removed. 4. Noted. However, certain system changes might be necessary and will have to be facilitated. 5. Certain data fields have been made non-obligatory if the information is not available, as we understand the rationale behind why information might not be available in those instances. However, we are not in support of making all the

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			with resistance by employers due to the additional cost and our experience in e.g. some municipal funds are that any changes required are beyond their control and do not enjoy priority. 5. Due to the nature of many of employers, not all the minimum member data will be applicable/available. For instance, some employees may not have an email address, or some employees may not have a tax number and some employers may not have the postal addresses of the members. Not being able to provide the minimum data would result in the fund and employer being non-compliant with this Standard. It is suggested that the section be reworded to allow for the provision of at least one (or some) of the minimum data requirements, but not all. Alternatively, the section can be reworded to state that the employers must provide the required minimum data as applicable or available. 6. It is suggested that a transition period of at least 24 months be provided for the effective date of this section to allow for system changes and data provision. 7. It is not clear what recourse the fund will have if the employer refuses to provide the minimum member data. It would be inappropriate to cancel participation to the fund if all the minimum data is not provided. 8. The additional information being requested will enable funds to communicate directly with members, which is welcomed.	data items non-obligatory if the information is not available as this wold create an unnecessary loophole and would defeat the purpose of the requirement. 6. See response to item 85 7. There is no suggestion in the conduct standard that if the information is not provided, the employer participation must be cancelled. If the employer fails to provide the information the employer is in contravention of the conduct standard and may incur administrative sanctions. 8. Noted. 9. Amendment made to require that the responsible person must only be included if the responsible person changed.

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			9. Why should the details of the section 13A(8) Responsible Person be included in **every** contribution statement? This would require additional changes to payroll systems, both by the employer and administrator. Could the responsibility be placed on the employer to notify the fund or its administrator of any changes in this regard? Annexure A could be amended to include such a statement of any change, when required, for example add: "Should the details of the responsible person change, you are obliged to notify the fund within 30 days"	
27.	Soundsolve	3(2)	Comment: In our opinion, the static information in respect of Employer and Fund, such as Fund registration Number, Employer address, Contact person, and Person responsible, as envisaged in S13A(8) of the Act, is not required with the monthly contribution statement submission. The upload of the monthly contribution statement/schedule does not necessarily result in an update of the aforementioned information, on the system. These details are held elsewhere, and are not essential for the update of member data, and contributions. For S3.2(h) vii and viii, not all members may have e-mail addresses and/or contact numbers, but we agree this should be provided, where available. Please advise whether this requirement is specifically for personal e-mail addresses, and contact numbers, or would it be work e-mail address, and work contact numbers. For S3.2(h)xi, we are unsure of the relevance of CTC. Administration systems mostly accommodate 2 salary	See responses to items 24 and 26 above.

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			fields, i.e. Fund/Pensionable salary, and Risk salary. Requiring a 3rd salary field would require system developments, and may be unnecessary, if not used for any contribution/benefit calculations.	
28.	EBCC	3(2)	(h) (vi) & (viii) are unrealistic since not all members need to be registered for tax and not all can be expected to have email addresses.	Provision has been made to make certain information not compulsory where such information is not available (in particular also email addresses). However, we retain that an income tax number is necessary. Many section 14 applications, for example, have been pended due to unavailability of tax reference numbers of members of the fund.
29.	MTPF	3(2)	The two retail meat trade funds are Bargaining Council funds established through collective bargaining, membership is compulsory in terms of the Collective Agreement. To comply with all these mandatory requirements, data and invoice systems will have to be rewritten or upgraded at an anticipated great expense. The majority of employers are small retail outlets and do not have computerised payroll systems in place. The request for annual pensionable emoluments to be reflected on the schedule and annual cost to company is unreasonable, particularly as not every employee is employed or remunerated on this basis. If reasonable steps have been taken in an attempt to obtain all the minimum information from employers and/or members for the contribution statement, the Fund should not be held liable for non-compliance if information is not received from employer and/or member.	We acknowledge that in some instances system changes will be necessary. However, we hold the view that on balance the expected benefits and protection for members emanating from these proposals outweigh the expected costs. Please note that the requirement to submit the necessary information to a fund is placed directly on the employer. Therefore, if an employer does not provide the required information to the fund, the employer is in contravention of the law and is liable to incur a penalty. With regards to exemptions, please note that section 281 of the Financial Sector Regulation Act enables the FSCA to grant an exemption from any requirement in a

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			There should be an option to apply for an exemption from certain of these requirements, the FSCA granting exemption where acceptable.	financial sector law. Granting of an exemption is therefore already an option.
30.	BATSETA	3(2)	**Member communication** If there is requirement that retirement funds should have direct communication with its members, such requirement also need to align with the technology as well as the general communication trends and stipulate that member communication should in principle take place electronically. It is simply more the cost efficient, convenient and reliable. Such electronic communication methods can include • • an SMS, WhatsApp or similar communication based on the members cell phone number, or • • an email, based on the members email address Batseta believes that it should be a requirement that each member provide at least **one such contact** detail. It is assumed that the number of members who do not have a cell phone number will be very insignificant and that it is in the interests of the entire industry to require them to apply for something like a Gmail account. Some funds have already adopted such an approach and are experiencing very good results by sending a bulk SMS with a link to the document containing the detail. It is possible for these systems to provide the fund with an audit trail of messages for future use.	Please note that if an employer fails to provide the required information, the employer is in contravention of section 13A and a penalty in terms of section 37(1))(a) may be issued to the employer. The employer can therefore directly be held accountable. The fund must just ensure that it takes reasonable steps to try and obtain the information from the employer. In our view the respective duties are adequately positioned.

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			The physical and postal addresses are still relevant for tracing and other purposes but is no longer an appropriate or cost effective or reliable method of communicating with members. **Reframing the duties and responsibilities of the fund** To place responsibilities on a fund, that they have control over, and then hold the fund accountable if the member or employer fails to respond and provide the information on request, does not offer the industry with a workable solution. The fund simply cannot be penalised for the failure on the part of the employer or the member to provide information. • As a result, Batseta proposes that duty of the fund be reframed in the conduct standard as – communicating electronically to the members in respect of whom personal electronic contact details were provided.	
31.	OPFA	3(3)	In respect of subparagraph (b), please prescribe by when and how should a fund communicate the membership numbers of each member to the employer.	Please note that this requirement relates to what information an employer must provide to a fund in a subsequent contribution statement, and not with regards to what a fund must communicate to members. Please note that most member numbers appear on the benefit statements and membership statement issued when a member joins the Fund.

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32.	Sentinel	3(3)	Point (a): It would be preferable to only obtain updates to personal information on a monthly basis in-addition to the month's contribution data. Point (f) & (g) from 3(2) above: This information is obtained at sign-on of an employer. It should not be required monthly via the contributions statement? Updating of the info should be a separate fund compliance process. Point (b): Employers will need to make system changes to accommodate the fund membership number of employees and this will add to their payroll admin burden and cost. The fund utilises this number internally. Mostly ID/Passport numbers are used, together with mining industry standardised employee numbers and this should be sufficient.	Subparagraph (a): Not clear what is being proposed and why. We maintain the view that the subsequent contribution statement should contain all relevant details. Subparagraph (f) and (g): As above. Subparagraph (b): We acknowledge that in some instances system changes will be necessary. However, we hold the view that on balance the expected benefits and protection for members emanating from these proposals outweigh the expected costs.
33.	OM	3(3)	It is suggested that Funds be allowed to receive a monthly abridged version, with the detailed member data only being provided when there are changes.	It is unclear why an abridged version is being proposed as opposed to a complete version. We maintain the view that the subsequent contribution statement should contain all relevant details.
34.	EBS	3(3)	3(a) comments in 2 above apply 3(b) most modern administration systems allocate a system member number, not the employer, as such the employer is not able to allocate the number when new members come through the payroll. The administration system allocates them a number, and this is presented back to the participating employer in the next month. The employer uses either	Paragraph 3(a): See response to your comments above. Paragraph 3(b): Noted. It is not clear what is being proposed.

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			ID/passport, industry number or a company number (employer pay number) to identify their staff.	
35.	IRFA	3(3)	Paragraph 3(3)(b): It might be a challenge for participating employers to update their contribution statements with the fund's allocated membership number, depending on the technology used by a participating employers especially small ones who are using excel for payroll systems. In respect of paragraph 3(3)(c) what is the reasoning for adding 'taxable income'? Indication of changes in relation to taxable income is not possible, the definition of taxable income under the Income Tax Act is very broad and retirement fund administrators and participating employers will not have access to a taxpayer's taxable income. This should be limited to annual pensionable emoluments and cost to company remuneration. It is suggested that funds be allowed to receive a monthly abridged version, with the detailed member data only being provided when there are changes.	Noted. However, we maintain that this is necessary and system or opreational changes will have to be made, where necessary, to ensure this information can be included. Comment noted, amendment made. See Conduct Standard where the words "taxable income" has been removed from the Standard. It is unclear why an abridged version is being proposed as opposed to a complete version. We maintain the view that the subsequent contribution statement should contain all relevant details.
36.	Soundsolve	3(3)	Comment: For 3(3) a, in our opinion, the static information in respect of Employer and Fund, such as Fund registration Number, Employer address, Contact person, and Person responsible, as envisaged in S13A(8) of the Act, is not required with the monthly contribution statement submission. The upload of the monthly contribution statement/schedule does not	See responses to items 24 and 26 above.

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			necessarily result in an update of the aforementioned information, on the system. These details are held elsewhere, and are not essential for the update of member data, and contributions.	
37.	MTPF	3(3)	Unreasonable to expect changes in pensionable emoluments and taxable income to be reflected on the subsequent contribution statement, this is a payroll function and confidential information.	Agreed regarding taxable income, amendment has been made. Changes to pensionable/salary emoluments has to be reflected as it impacts on the contribution rates.
38.	BATSETA	3(3)	The information listed in 3(2) is comprehensive but all is not required / compulsory for fund administration. Some of the information required should be prefaced by an 'or' rather than 'and' with specific reference to: some contact details, tax numbers and Cost to Company information as discussed hereunder. Not all employees are required to pay tax and information like a PAYE numbers are not necessarily required for processing of contributions. The question arises whether the inclusion of tax numbers is required for fund administration? The reasons for the inclusion of Cost to Company information is also unclear. Is the inclusion of CTC information required for fund administration purposes? Not all employers remunerate on a CTC basis. Inclusion of CTC or related information may require changed to payroll systems which will be costly and impractical. The inclusion of membership numbers will require payroll changes and might be costly and impractical to do so.	See responses to items 23, 24, 26 and 30 above.

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	4. REPORTING			
39.	OPFA	4(1)	In respect of subparagraph (b), it is submitted that the threshold of 2,5% is too high and can result in the exclusion of a substantial number of members in a large fund. There doesn't appear to be any rationale for making such an allowance. Given that this is intended to be a report by the principal officer to the board, we submit that the board should be made fully aware of all discrepancies. Information that is potentially prejudicial to members should not be withheld from the board simply on the basis that it falls below a certain threshold. The board owes a fiduciary duty to all members of the fund irrespective of the value of their pension interest or contributions. Section 37(1) does not allow for any discrepancy. Further, given that employers will be required to report on changes in terms of section 3(3)(c) of the draft Conduct Standard, there should be sufficient information available to the principal officer to explain discrepancies that do not require action by the board. Consider deleting the exclusion of 2,5% completely.	The 2.5% threshold is to exclude immaterial discrepancies. Please note that this clause merely sets the minimum requirements that must be reported, the monitoring person is still at liberty to decide to rather report all discrepancies. Please also note that this 2.5% threshold is an existing requirement in regulation 33.
40.	WTW	4(1)	It is not clear to us whether the PO or "monitoring person" will be required to submit a written report to the Fund's board **every month**, even if there are no compliance issues to report. This should be clarified. (We would add that, whether this is strictly a monthly requirement or not, we would advise boards to appoint a suitable employee of the Fund's administrator as the "monitoring person", to simplify the flow of information here, as the production of these reports is clearly an administrative function.)	A report is due by the monitoring person or the PO only in cases where there is a contravention or if a previous contravention is still unresolved. The wording has been clarified in this regard.

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41.	OM	4(1)	1. Considering the required administration functions associated with a large Umbrella Fund, notification within 7 days will not be possible to implement. Any reporting changes will require systems and processes changes which will be costly to implement, without any apparent corresponding benefit. Hence it is suggested that the time standards remains in line with current legislative requirements. 2. Please also refer comments provided in Annexure C, point 1.	The seven days period is after the fifteen days that the employer has to provide the schedule. Notwithstanding, the period for reporting has been extended to 14 days.
42.	EBS	4(1)	It would appear by the wording of this paragraph that the monitoring person must write the envisaged report regardless of whether the participating employer complied with the relevant section of the Act or not. It seems a waste of resources to be writing to the board to tell them that the employer did what they were obligated too? Should this not be done when there is a non-compliance? Not receiving a report is indicative of compliance and when the trustees must act for a non-compliance, they receive the specifics they need to monitor and if need be appropriately action? By sending frequent reports that do not warn of anything, risks "report fatigue" and when a matter requires attention it may be missed. Item 4(2) does not require compliance to be communicated to the affected members neither should this.	Agree. Wording has been amended.
43.	IRFA	4(1)	In the High Court case of *The Municipal Workers Retirement Fund (previously known as the SOUTH AFRICAN MUNICIPAL WORKERS UNION PROVIDENT FUND versus Ndlambe Local*	Agreed, the standard will be amended accordingly to include such an obligation.

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			Municipality CASE NO:4884/2017 (delivered on 22/11/2018) the Judge stated that: "[11] With regard to the contention that the Fund was obliged to notify the Municipality of the shortfall in terms of regulation 33 of the PFA, I can find no such obligation on the Fund in regulation 33". This becomes important when the fund is aware of a shortfall (or its administrator is) and the employer is not, as in this case, where the employer mistakenly thought it was paying the right amount of contribution, but it was not. Where the fund is aware that contributions have been underpaid it would be useful for there to be an explicit requirement in terms of the Conduct Standard for the Fund, where it (or its administrator) is aware of the underpayment, to report this to the *employer*. Paragraph 4(1) requires a report to be done and says it must "include" the information set out in 4(1) (a) and (b). Does this report still have to be done if there are no problems in relation to 13A(2)(b), 13A(3)(a) or outstanding issues as contemplated in (a) and no reconciliation discrepancies as contemplated in (b)? The current wording would mean that funds have to do this report regardless of there being no problems in relation to contributions or contribution statements received. Is this the intention?	Agreed. Wording has been revised to only require reporting where there is new or unresolved non-compliance.
44.	IRFA	4(1)	It is impractical to expect the PO/monitoring person of an umbrella fund to report to the board within 7 days after the failure. The person coordinating the non-compliance report requires input from all the	The seven days period is after the fifteen days that the employer has to provide the schedule. Notwithstanding, additional reporting and revised timelines have been

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			administration teams regarding matters set out in section 4(1)(a) and (b). Because so many participating employers are on an umbrella fund, the administrator must first be afforded a few days to run the recons for employers that did pay and provide their schedules, whereafter they can provide accurate input on the non-compliant employers. The report with the input from the admin teams is only then referred to the credit control subcommittee appointed by the board who has been mandated by the board to make decision on corrective actions to be taken and then to report this back to the board. It is proposed that a reasonable period for an umbrella fund would be as follows: 1. date by when the schedules must be provided to the fund - no later than 15 days after the end of the month in respect of which the payment was made. 2. date by when recons must be run for employers that paid and provided the schedule - no later than 21 days after the end of the month in respect of which the payment was made. 3. date by when the non-reconciled employers list must be sent to the admin teams for input on reasons for not being reconciled and invested, arrangement undertaken by the employer to pay and/or provide the schedule, etc. - no later than 30 days after the end of the month in respect of which the payment was made.	provided for which should address your concern.

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			4. date by when the non-compliance must be reported to the board (or a dedicated committee/subcommittee appointed by the board) - no later than 45 days after the end of the month in respect of which the payment was made.	
45.	EBCC	4(1)	7 days after is too onerous especially for stand-alone funds where the PO is also an ordinary employee at the employer. (1) (b) The tolerance of 2.5% does not make sense for DC funds since monies cannot be allocated to member accounts with such tolerance	See response directly above. ✎ Timelines are now more aligned to the current provisions in the Regulations. Please note that this clause merely sets the minimum requirements that must be reported, the monitoring person is still at liberty to decide to rather report all discrepancies (and not only those above the 2.5% threshold). Please also note that this 2.5% threshold is an existing requirement in regulation 33.
46.	BATSETA	4(1)	The conduct standard seems to rely almost exclusively on a report to be submitted to the board within a certain period. That is useful but it is just one step in a process. Batseta believes it would be more effective to ensure communication to the board or such committee or person that is in charge of the process / to whom the responsibility has been delegated to as well as the steps that should be taken. The key steps may include - i. A communication to the employer and the consultant to determine what the problem is. (these should include electronic messaging as	Additional reporting obligations have been included to more closely align to the current reporting requirements in the Regulations. More than one layer of reporting therefore exists, i.e. reporting to the Public Officer/Monitoring Person and then reporting to the Board by the Public Officer/Monitoring Person. The Conduct Standard already contains requirements stating that the Board must inform affected members.

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			well as by phone) This is one of the omissions in the conduct standard i.e. no engagement with the employer required. This step is important because PO's and monitoring persons do not have access to bank accounts, etc. ii. A communication to the members of the local board or joint forum (with additional electronic messaging and phone calls required), and if not effective. iii. A communication directly to the members if payment is not made for the second month.	
47.	BATSETA	4(1)	Section 4 of the Conduct Standard should be enhanced to make provision for what is now in regulation 33(2), i.e. the person responsible for the receipt of contributions at the fund's administrator/insurer shall report to the principal officer within 15 days of the end of a period on reconciliation of contributions received, whether matters previously reported were not resolved or if the data envisaged in s 13A(2)(a) was not transmitted as prescribed. Practically and operationally, the information is within the domain of the responsible person at the administrator/insurer, not the principal officer, as recognised in regulation 33(2). Batseta does not oppose the shorting of submission periods, in fact the submission period for schedules and contribution statement should be aligned.	Agree. Provisions inserted to more fully align with regulation 33(2) and deal with all the reporting obligations set out therein.
48.	OPFA	4(2)	In respect of subparagraph (a), a large number of funds and administrators simply tick the box to comply with this requirement by sending scantily worded sms's to the members. Alternatively, letters are sent to the	Prescribing the wording of the notice would in our opinion be overly prescriptive However, a principle-based criterion has been inserted in the wording that requires

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			defaulting employer's HR department to distribute amongst the members which often then results in the letters not being distributed at all. In effect, the fund expects the employer to report on its own default. The wording of the notice to the affected members should be prescribed. The manner in which the notice is distributed to the member should also be prescribed given that funds should be in receipt of the contact details of members via the initial and subsequent contribution schedules provided for in section 3(2) and 3(3) of the draft Conduct Standard.	that the notification must be appropriate. This will provide the necessary flexibility for funds whilst at the same time ensuring that the communications contain appropriate content.
49.	OPFA	4(2)	In respect of subparagraph (a), the time for sending the notification should be prescribed eg. within 30 days from date of report by the principal officer to the board. A time period is prescribed in subparagraph (b) but not in subparagraph (a).	Agreed, a specific period has been be included.
50.		4(2)	There should be an indication of what the Authority will do with such information once it is in receipt of same. For example, the Authority may impose administrative penalties in terms of section 167 of the Financial Sector Regulation Act, 2017 on the employer.	The powers of the Authority are clearly set out in the Pension Funds Act and Financial Sector Regulation Act. It would serve no added benefit to reference these powers as proposed and/or articulate the regulatory action that can theoretically be taken by the Authority.
51.	WTW	4(2)	As currently worded, this section (read with section 13A(2) of the Pension Funds Act) will require Funds to report **any** breach of the minimum information requirements set out in section 3(2) of the Conduct Standard (no matter how minor) to all of the members, individually where possible, and to the FSCA. So, failure to provide email addresses for all of the members would appear to be a breach of the	The wording has been amended to limit reporting to members to instances of material non-compliance.

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			requirement and would therefore have to be communicated to all members and notified to the FSCA. This seems excessive to us.	
52.	OM	4(2)	1. It seems excessive to communicate to all members after the first contravention by an employer and this within a very short period of only 30 days. This does not seem to provide employers sufficient time to rectify issues, especially as Annexure B provide for the submission of an updated schedule by the employer. 2. Reporting to all members within the 30-day timeline will result in significant additional costs to the Fund and ultimately the members. 3. As many existing participating employers to an Umbrella Fund have not provided the minimum data requirements, including personal member contact details, it would be impossible for the Fund to notify all the members and comply with this section. 4. It is recommended that the effective date of this section be delayed with 24 months to allow existing employers to submit the required minimum data, in line with their annual rate review and required system changes. 5. It is recommended that the submission format of Annexure B be revisited as well as the monthly submission requirement, to allow for bulk submissions for Umbrella Funds. For instance, this can be done by means of an excel spreadsheet or automated report done on a quarterly basis, rather than monthly. 6. OM is concerned about the FSCA's ability and capability to manage and act on the many Annexure	1. The reporting requirements have been amended to further align to the current reporting requirements in Regulation 33. Please see revised timelines. 2. We acknowledge that in some instances system changes will be necessary. However, we hold the view that on balance the expected benefits and protection for members emanating from these proposals outweigh the expected costs. 3. All members on the fund's records in relation to the participating employer must be notified. 4. See response to item 85. 5. Noted. 6. We note the comment, but the Authority will deal with this arrangement. 7. Reporting is required in respect of non-compliance with sections 13A(2)(b) and 13A(3)(a) of the Act. This can therefore include non- or late submissions. 8. The Standard makes provision for both late submission and non-submission and is broadly aligned with Regulation 33.

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			B's that will be submitted to the FSCA on a monthly basis under the additional reporting burden placed on Funds and their administrators. 7. The existing Reg 33 requires reporting on both non-submission and late submission – this standard makes no reference to late submission – can we assume that this is not required anymore?	
53.	EBS	4(2)	4(2)(a) For item (b) the communication must be made within 30 days of the communication by the monitoring person to the board, yet there is no time standard for the communication in (a)? if the implication is that it must be done within the time period to allow for the communication to be sent as per (b) if the affected members can't be identified, then by identifying the members (b) will not apply and the communication can take place whenever? There are members of funds who do not have work email addresses due to the nature of their work, or who do not provide their employers with current personal email and or cell phone numbers or maintain the personal email or cell numbers, as such direct communication with members by an administrator on behalf of a fund is not possible in many cases (bearing in mind the fund (and administrator) are relying in the employer to provide and maintain these data items) so a letter informing the member that the contribution was in contravention would be sent to the employer to provide to the member which can easily be withheld by an employer who wanted to.	The time period in 4(2)(a) has been amended to refer to a 30-day period. The information as prescribed must be collected, which means that a fund must be in position of the minimum contact details of all members. This, in turn, means that a fund should be in a position to communicate with all members. Postponing the communicate of non-compliance to members until the annual statements are sent is unacceptable. Communication with members of the fund regarding non-compliance with section 13A should be timely so as to enable members to take the necessary steps, where possible.

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			Can including this in the annual member statement as a separate report on compliance with the submission of contributions not be considered, much as rule amendments are as the real action is required to be taken by the trustees and the regulator, informing the members can then be included in an existing communication form reducing the cost to communicate. In addition, many member statement are available on electronic platforms and where this is the case, there can be a requirement that this report be maintained on a current basis so that the compliance matches the period of the statement provided.	
54.	IRFA	4(2)	1. In paragraph (a), we presume that personal attention means an email or SMS to the affected members based on the Fund's records. Or is it enough to post the communication in an electronic space that all members will see it, for example the employer's intranet? 2. It is important to note that any missing email, phone numbers and address details in monthly statements will be regarded as a contravention to be reported. It should be made clear that the board will not be contravening the Conduct Standard if the employer (despite request) did not provide it with any contact details of a particular member or if the contact details in respect of a particular member should prove to be incorrect. 3. Par 4(2)(a) and (b) should rather state that the board must take reasonable steps to bring a contravention to the personal attention of the relevant members.	1: We do not wish to be too prescriptive in this regard. But we agree that some criterion must be applied. As such we have included wording that states that the communication to members must be done in an appropriate manner. 2: We have amended the wording to only require reporting to members in instances of material non-compliance. 3– 4: Non-compliance must be reported to members within 30 days of the board being informed of such failure to comply by the monitoring person. The wording has been amended to reflect this clearly. 5. Reporting to members is required 30 days after the board has been informed, and the latter must be informed within 7

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			4. Is it necessary that the reporting to members is done for small errors if this is quickly rectified? For example, if the employer does not include the email address of one member in the contribution statement and then provides it when asked? Contraventions with respect to contributions statements are offences and it does not sound sensible that offences (and reporting) are created for easily fixed small matters. 5. It seems excessive to communicate to all members after the first contravention by an employer and this within a very short period of only 30 days. This does not seem to provide employers sufficient time to rectify issues, especially as Annexure B provide for the submission of an updated schedule by the employer. 6. Reporting to all members within the 30-day timeline will result in significant additional costs to the Fund and ultimately the members. 7. Regarding the 30 days referred to in (b): it would be better to specify "within 30 days of the date referred to in paragraph 4(1)" in case the report required in 4(1) is not done and thus there is not date from which 4(2)(b) will apply. The same comment applies to (c) as regards the reference to 14 days. 8. It is recommended that the effective date of this section be delayed with 24 months to allow existing employers to submit the required minimum data, in line with their annual rate review and required system changes.	days after the Public Officer/Monitoring Person received a report on non-compliance. In our view the periods, which are now more closely aligned to Regulation 33, are appropriate and not excessively short. 6: We note that you did not submit any substantive information or qualitative data or estimations supporting this assertion. 7: If the report was not submitted to the board how will it know that there is a contravention that must be addressed? In our opinion the current wording is appropriate. 8: See response to item 85 9: Noted. 10: The Standard makes provision for both late submission and non-submission and is broadly aligned with Regulation 33.

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			9. It is recommended that the submission format of Annexure B be revisited as well as the monthly submission requirement, to allow for bulk submissions for umbrella funds. For instance, this can be done by means of an excel spreadsheet or automated report done on a quarterly basis, rather than monthly. 10. The existing Reg 33 requires reporting on both non-submission and late submission – this standard makes no reference to late submission – can we assume that this is not required anymore?	
55.	Soundsolve	4(2)	Question: Is this reporting required for any late contribution, irrespective of number of days late, or would this be if it continues for a period of 90 days, as per S13(3)? Comment: Reporting to individual members, any late contribution, even if subsequently paid, or not materially late, could cause dissatisfaction amongst members, and cause administrative complexities.	Clause 4(2) refers to reporting of any material non-compliance and is not linked to the number of days that a contribution is late.
56.	EBCC	4(2)	(b) …. Cannot be identified **as the affected member/s**…	It is unclear what you are proposing.
57.	BATSETA	4(2)	Boards should take reasonable steps to communicate contraventions to members, individually or collectively. As indicated earlier in the submission, the employer does not fall under the ambit of the FSRA and might therefor disregard request to provide proper contact details of the members. Boards are not in control of such information or the provision thereof and should not be penalised. Board should only be required to communicate directly with members if they are in	Please see our response to comments number 7, 23, 24 and 52 above. We maintain that reporting to members are critical, but have qualified the requirement slightly by amending it to reflect that only material non-compliance must be reported.

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			possession of an e-mail address or mobile numbers as indicated earlier in the submission. Contravention of the Conduct Standard takes many forms. Given the number of participating employers and associated administration minor errors that could be rectify easily may occur from time to time. It is impractical to communicate or report such inefficiencies to members if it could be rectified within a reasonable period. It could result in an unnecessary flood of e-mails about incidents that would have been resolved by the time members read the e-mail or shortly thereafter Checks and balances are in place since employers are required to submit updated schedules. Employers should be given a reasonable time to redress issues before it is communicated to the members. This communication with the employer should be done soon after the fund became aware of the contravention.	
58.	Prescient	4(2)	Is the intention of the requirements of 4(2)(a) that for each item of information required by this conduct standard under 3(2)(h) in terms of 13A(2)(a) that is missing from the contribution statement (both the initial and the ongoing statement), that the umbrella fund then notify the member of each item of such missing information?	The section is intended to alert the members to non-submission of minimum information and failure to pay of contributions. However, reporting to members have been limited to instances of material non-compliance.
59.	Acravest	4(3)	Mandatory reporting to the SAPS is not feasible. From experience regarding these submissions: Vulnerable staff need to join long waiting ques; officers are uninformed and do not understand the regulatory context and process requirements, leading to cases not being opened or actioned. They also do not accept	Please note that this requirement is critical in order to deter undesirable behaviour and thereby drives better behaviour. With regards to the practical issues raised, please note that the Authority is currently liaising

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			prepared affidavits (in this case Annexure C), and one has to verbally state cases which is then written down by the officer. This reporting line will only be feasible if a specialised office is created in the police service, where cases can be reported electronically	with the SAPS in that regard to see to what extent the process can be improved.
60.	OPFA	4(3)	The waiting period of 90 days is not understood. Section 37(1) of the Act which makes non-compliance with section 13A a criminal offence does not contain a waiting period and the non-compliance becomes a criminal act upon contravention of the section. At the very least, the report to the SAPS must be made simultaneously with the report to the Authority. Waiting for 90 days allows a defaulting employer time to avoid liability especially with other delays inherent in the criminal justice system.	This is not a "waiting period for non-compliance". As soon as a contravention occurred the employer is in contravention of the law. This merely provides that if a contravention is continuing for an inordinate amount of time the Board is compelled to also inform the SAPS of the continued contravention. Requiring immediate reporting to SAPS will unnecessarily overload the justice system as many of those contraventions could be rectified in a short period of time and a criminal prosecution in those circumstances would not be justified.
61.	OPFA	4(3)	In respect of subparagraph (a), the wording seems to suggest that Annexure C is a prescribed format for reporting to the SAPS. It is surely not intended to be a breach of the Conduct Standard if a fund reports a contravention to the SAPS in a different format as long as all the relevant information is included. Consider amending the wording to make it clear that Annexure C is only a guide. Funds should be required, however, to ensure that as a minimum all the information referred to in Annexure C is provided to the SAPS. Annexure C should be reformatted into a list of information that must be provided to the SAPS when reporting a contravention for different types of funds. The current	The intention was to prescribe the format, but we acknowledge that more flexibility might be necessary, and a slightly different approach has therefore been adopted- see amendments to Standard and format.

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			format of annexure C may prove difficult to understand and may result in further undesirable delays.	
62.	OPFA	4(3)	In respect of subparagraph (a), the SAPS or NDPP should be consulted and confirm that Annexure C contains all the details necessary to commence prosecution.	Noted. Please also note that SAPS/NDPP were consulted and some of the wording and structure was suggested by these authorities.
63.	WTW	4(3)	The same point applies – a sustained failure by the employer to provide some of the specified data items, no matter how insignificant, would seemingly have to be reported in considerable detail to the SAPS, and (again) to all members. We cannot imagine the SAPS taking such matters seriously – writing into law a requirement for Funds to take this kind of action in respect of trivial matters will simply lead to a situation where the law is widely ignored. We would advise that this requirement should be limited to (non-trivial) persistent failures to pay contributions, not to failures to provide employee data. (From the wording of para.15.2 of Annexure C, it may be the intention that a report is only made to the SAPS if the employer repeatedly fails to provide any contribution statement at all, even an incomplete one. If that is the intention, this should be clarified in section 4(3) of the Conduct Standard. But we are still not convinced that reporting such matters in this way is a good use of the time of either the Board or the SAPS.)	Wording has been qualified to only require the reporting of material contraventions. Please note, however, that this report is critical in that it creates a deterrence for employers to act outside of the law for fear of prosecution. We therefore maintain that this requirement is very necessary. It also aligns to existing requirements contained in regulation 33.
64.	OM	4(3)	1. This reporting requirement to SAPS and the National Prosecuting Authority has been raised on a number of occasions with the FSCA. SAPS is not willing to open a case number for these	1: We take note of the practical issues raised. However, these practical issues (which can potentially be addressed) should not dictate whether or not the requirement

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			contraventions. The NPA is also not willing to investigate these contraventions. OM requests the FSCA to first agree a process with the SAPS and NPA to open a case against the participating employer and investigate such matter. (Please also refer comments provided in Annexure C, point 1.) 2. As SAPS is unwilling to open a case against the employer, the Fund will be non-compliant with the Regulation and will not have any means to ensure compliance. 3. The FSCA must also be cognisant of Umbrella Funds where such reporting could result in more than 300 reportable cases per month. 4. It is recommended that the wording of section 4(3) be amended to provide for the Board to ensure reporting to SAPS, rather than placing the responsibility on the Board to do such reporting themselves. The Board could delegate such responsibility to the principal officer or monitoring person or their delegate. 5. The same concerns as mentioned earlier regarding informing members, also apply to this section. The Fund do not have all the contact details of members.	should be inserted. Please also note that the FSCA is currently liaising with the SAPS to see to what extent the process can be improved. 2: It is unclear why you state that if SAPS is unwilling to open a case against the employer, the Fund will be non-compliant. The requirement is that the Board must report the non-compliance to SAPS. If the report is submitted to SAPS, but SAPS still refuses to open a case the board would not be in contravention. 3: Noted. The fact that you state there might be high volumes that must be reported in an umbrella fund environment is a cause for concern, and not a reason for removing the requirement. 4: There is nothing stopping the board from delegating this function. However, ultimate accountability for compliance must still lie with the Board. 5. It's concerning that OM is not already communicating with all its members due to the fact that they do not have members' contact details.
65.	EBS	4(3)	Ability to communicate directly with members may be restricted as set out in 4(2) above despite it being regulated.	We assume you mean there could be restrictions due to a lack of member information. We have qualified the requirement to state that if the affected member cannot be identified all members must be informed.

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66.	IRFA	4(3)	1. Funds have faced difficulty in reporting these contraventions to the SAPS. This reporting requirement to SAPS and the National Prosecuting Authority has been raised on a number of occasions with the FSCA. SAPS is not willing to open a case number for these contraventions. The NPA is also not willing to investigate these contraventions. We request the FSCA to first agree a process with the SAPS and NPA to open a case against the participating employer and investigate such matter. In addition to Annexure C, more guidance from the Authority on the process and/or the relevant SAPS contact persons will be required. This is extremely important. 2. As SAPS is unwilling to open a case against the employer, the fund will be non-compliant with the Regulation and will not have any means to ensure compliance. The FSCA must also be cognisant of umbrella funds where such reporting could result in several hundred reportable cases per month. 3. The draft Standard may need to be adjusted to also require informing the Authority of the actions taken. 4. Reporting is required to the SAPS and members if a contravention continues for 90 days. What is the date from which the 90 days applies? Is it 90 days from the date that the contributions or contributions statements were due? Please specify this, in order to be clear. 5. Reporting to the SAPS has to be in "sufficient detail": it may be useful to specify "in sufficient	1 - 2: See response to item 64 above. 3: Not clear what you are proposing in this regard. 4: It is the date from which the contravention occurred. In our opinion the wording is clear on this. 5: There needs to be some flexibility and therefore it is not desirable to try and explain what "sufficient detail" entails (as it might limit the application). We also believe that Annexure C that was published demonstrates what would constitute "sufficient information". 6: See response to item 64 above (the 4th comment under that item). 7: Reference to "personal attention" has been removed. With regards to second point, agree- amended to also deal with the situation where an affected member cannot be identified. 8: Note that this report must take place within 14 days after there has been a period of 90 days' non-compliance. We are of the view that if a fund (including umbrella fund) appropriately tracks compliance and non-compliance it should be in a position to report the information to members within this time period.

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			detail in order to permit the SAPS to take action against the employer" 6. It is recommended that the wording of section 4(3) be amended to provide for the Board to ensure reporting to SAPS, rather than placing the responsibility on the Board to do such reporting themselves. The Board could delegate such responsibility to the principal officer or monitoring person or their delegate. 7. Reporting to affected members: this is not to their "personal attention" as required in 4(2) – is this difference between the two subsections intentional? And you have not made it clear what must happen if "affected members" cannot be identified as you have done in 4(2) – is this intentional? The same concerns as mentioned earlier regarding informing members, also apply to this section. The fund may not have all the contact details of members. 8. Paragraph 4(3)(b) propose this be within 60 days. It is impractical in an umbrella fund to do to this step within 14 days. If the fund by day 45 (as per suggestion above) after the last month's non-payment or outstanding schedule	
67.	EBCC	4(3)	Reporting to SAPS is great but the SAPS does not have the capacity to deal with such	Whether or not this is the case, it should not be the criteria that is applied to determine whether this requirement should be inserted. This requirement serves a specific purpose, including serving as a deterrent for non-compliance.

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68.	MTPF	4(3)	We have not had success with SAPS reporting. Suggest non-compliance be handled by Pension Funds Adjudicator, set up a new department just to deal with 13A non-compliance from Funds. This will be successful in our opinion.	Your suggestion is noted. However, please note that the PFA is not clothed with powers to criminally prosecute or take enforcement action against errant employers.
69.	BATSETA	4(3)	Batseta do believe that a requirement to report a section 13A breach to SAPS by default will be operationally inefficient. There are many reasons for this, which could be unpacked if required. The utilisation of SAPS will only be effective once they have established specialised prosecutor and courts to deal with retirement fund contraventions. It is not clear whether the information required in terms Annexure C as cited in s4(3)(a) was agreed to be sufficient in terms of SAPS requirements for prosecution. It is assumed that the content required in Annexure C is as a result of consultation between FSCA and SAPS. Batseta believes that the more compelling solution will be for the office of the Pension Funds Adjudicator to deal with these matters in terms of a more streamlines procedure. At the heart of this procedure will be the completion, under oath by the PO or delegated individual, of a more detailed Form C. This form should enable the PFA to impose a fine on the responsible person or persons at the employer, with a possible hearing at a return date if all arrear contributions are not been paid by a certain date.	See responses to comment numbers 60, 62, 63 and 64 above.

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			Such a procedure will have far greater potential to offer a solution to this industry challenge. The conduct standard does not take note of the peculiarities of different types of funds. For instance, bargaining council funds use their dispute resolution mechanisms to deal with non-compliance. Some of the errant employers might liquidate a funds just to move to a different one later. A central database of errant employers should be maintained by the FSCA as it receives this information from funds.	
	5. INTEREST			
70.	OPFA	5(1)	In respect of subparagraph (a), the intention here appears to be that the interest must be calculated from the first day of the month on which the contribution became due. If so, it is submitted that the wording appears confusing and may be interpreted to mean from the first day of the month after the month on which the contribution became due. Suggested wording: *(a) must be calculated from the first day of the month in respect of which the contributions became due until the date of receipt by the fund.*	Agree. Amendment made.
71.	OPFA	5(1)	In respect of subparagraph (b), the wording seems to suggest that the interest rate is within the discretion of the fund to determine subject to a maximum of prime plus 2. This will create uncertainty and different outcomes for different members who are affected by late payment of contributions. This may lead to an escalation of legal challenges about different interest	Agree. Amendment made to state prime plus 2 percent.

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			rates being charged in respect of different employers, or by different funds. Section 13A(7) of the Act requires the rate to be prescribed and not left to the discretion of the fund. The current formula contained in the gazette is complex. A simple formula should be provided. Consider replacing subparagraph (b) with: *"(b) is prescribed to be prime plus 2 percent"* alternatively *"(b) is prescribed to be at the rate determined in section 1 of the Prescribed Rate of Interest Act, 1975"*.	
72.	OM	5(1)	1. It is recommended that the Registrar publish the interest rate calculation, as per current Regulations. The draft wording seems to allow each Fund to decide what the interest rate applicable to each employer is. 2. Further clarity is sought on the calculation of interest. Section 13A(7) states that "interest at a rate as prescribed shall be payable….". This is repeated in PFA 110 and Regulation 33. The current Government Notice 397 dated 12 May 2010 provides an unambiguous formula for determining late payment interest. Section 5 of this Draft Standard is ambiguous in that it only seems to set a maximum rate, thereby implying that each Fund can determine its own LPI rate as long as it does not exceed the maximum rate and the principal debt due in respect of unpaid amounts. 3. Is the intention that this draft Standard will replace Govt Notice 397 dd 12 May 2010, which prescribed the LPI formula using the repo rate as the basis?	See response directly above. Also note that the reference to "may not exceed" has been removed. ✎ Yes, Govt Notice 397 is very clearly being repealed in clause 7 of the Standard.
73.	IRFA	5(1)	More clarity on the interest rate is required.	See response directly above. Disagree that "prime rate" requires defining.

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			• Prime rate may need to be defined in section 1 and may need to be clarified to be an annualised rate. • We suggest that “may not exceed” be deleted as the interest rate should be the same in the case of all employers/funds. Compound interest **may not exceed** the prime rate plus 2%. Does this suggest a discretion on the part of the fund to charge interest less than that? <u>Section 5(1)(a):</u> "following the EXPIRATION OF THE PERIOD in respect of which the relevant amounts are payable..." – Please clarify if this mean that the interest calculation starts from the 1st day of the month following after the 7th day after the end of the month for which the contributions is payable? Example: Jan 2020's contributions are received on 10 March 2020. It should have been received by 7 Feb 2020, hence interest is calculated from 1 March to 10 March? <u>Section 5(1)(c):</u> Interest due is compound interest and the longer it is outstanding, it might be more than the principal debt, please clarify how must a fund then deal with that scenario? It is recommended that the FSCA publish the interest rate calculation, as per current Regulations. The draft	Wording amended to make it clear that a fund cannot apply discretion regarding the rate to be applied- the rate is prescribed as the prime rate plus 2%. Comment noted. If January contributions are expected on 7th of February, if they were paid on 10th of March, interest is calculated from 1st of February. Refer to section 103(5) of the National Credit Act 34 of 2005. It is unclear why you are of the view that a fund can decide what interest rate to apply. The provision clearly stipulates that the interest rate that must be applied ir prime plus 2 percent.

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			wording seems to allow each fund to decide what the interest rate applicable to each employer is. Is the intention that this draft Standard will replace Govt Notice 397 dd 12 May 2010, which prescribed the LPI formula using the repo rate as the basis?	Yes, Govt Notice 397 is very clearly being repealed in clause 7 of the Standard.
74.	Sound solve	5(1)	Comment: For 5(1)(b), this may require a change to the formula of calculating interest.	See revised clause, this should address any concerns.
75.	EBCC	5(1)	The maximum prime plus 2 may be onerous on the employer who may be discouraged to honour the late payment. Maximum prime is suitable	Disagree. In our view prime plus 2 is appropriate, your comment did not fully motivate why it is, in your view, inappropriate.
76.	Prescient	5(1)	Could the FSCA not prescribe the rate that should be charged for interest on late payments rather than merely state that it may not exceed prime rate plus 2. Otherwise different employers are treated differently across the industry for “penalties” on late payment.	The rate has been prescribed as the prime rate plus 2%. Wording has been amended to clarify that it is compulsory to apply this rate.
77.	BATSETA	5(1)	The wording of the stipulation regarding payment of interest is a concern. The Conduct Standard indicates that compound interest **may not exceed** the prime rate plus 2%. This suggests that the board has a discretion on the percentage interest they will be levying. In order to ensure that this provision is clear, it is suggested that the wording must be changed to “Compound interest must be prime rate plus 2%” Batseta also wishes to point out that during this period of distress some employers might not be able to pay contributions due to no fault of their own. Will the	See response directly above. With regards to a potential repayment plan, that issue should be addressed in the rules of the fund and it is at the discretion of the board to enter into an arrangement with employers for payment of interest.

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			employer be allowed to submit a re-payment plan and what happens if late payment interest is due?	
78.	IRFA	5(2)	The word “received” should read “payable” and the word “transferred” should read “transferable”. Sub paragraphs (1) and (2) don’t read well together. (2) refers to “values” which are not referred in (1) or in the Act (s13A(7)). Please clarify what should happen if LPI generated is not paid by the stipulated duration? In section 6, it is mentioned that an attorney should provide steps on what they will do, if the employer refuses to pay. Please provide clarity on what should inform the steps to be taken under section 5(2)?	Agree. Amendment made. Agree to change the word “value” to “amount”. We cannot prescribe to the trustees what they must do to recover arrear contributions. The decision lies with the board.
	6. OUTSOURCING			
79.	EBCC	6(1) (a)	Agreed, this is a prudent measure	Noted.
80.	BATSETA	6(1)(a)	Batseta does not believe that this chapter and reference is appropriate inside a conduct standard and we ask that it be removed. Guidance Note 6 of 2018 sufficiently deals with this matter. The Conduct Standard could provide for the implementation of a suitable policy to oversee the recovery of arrear contributions. This would be more in line with a principle-based approach rather than rules-based approach.	A guidance notice does not have the force of law. For this reason, it is proposed that we rather deal with this in a Conduct Standard.
81.	EBCC	6(1) (b)	Agreed, this is a prudent measure	Noted.

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82.	OPFA	6(1) (b)	It is becoming a common practice that funds are entering into contingency fee agreements with attorneys for the recovery of arrear contributions. Such agreements results in attorneys receiving up to 25% of the arrear contributions which can amount to hundreds of thousands of rands for minimal effort. Considering that the debt-recovery process is often an undefended action and is not much different than the debt-recovery process for other types of debts, there should be some regulation on the maximum amount that funds can agree to in respect of contingency fee agreements alternatively contingency fee agreements should not be allowed where funds are able to pay for their own legal expenses. It is suggested that for undefended actions or where the participating employer signs an acknowledgement of debt, funds should not be allowed to enter into contingency fee agreements that exceed 10% of the outstanding contributions subject to a maximum of R30 000.00.	Noted. However, we question whether we have the legislative authority to prescribe such fees. As an alternative we propose remuneration principles in the context of TCF which at least requires that fees should be reasonable, and the board must ensure that fees are reasonable. Therefore, it should be an agreement between the board and the services provider – taking TCF principles into consideration especially relating to fees.
83.	OPFA	6(1) (b)	In respect of subparagraph (ii), clarity is required on what is meant by “do not impede the delivery of fair outcomes to the members of the fund”.	The grammatical meaning would apply. In essence it means that it should not hamper, obstruct, hinder and/or prejudice the delivery of fair outcomes to the members of the fund.
84.		6(1) (c)	Can we add a clause that stipulates that the contract needs to be reviewed every 3 years or less?	In terms of good governance standard, PF 130 provision is made for guidelines which the board can follow to review the agreements.
	7. SHORT TITLE AND COMMENCEMENT			
85.	OM	7(1)	We recommend a transition period of 24 months to allow for the above changes and submissions.	Disagree. Firstly, a 24-month period is exceptionally long and no justification for this period was provided. Secondly, the vast

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				majority of the requirements in the Conduct Standard is based on existing requirements contained in Regulation 33. To the extent that new requirements are included (e.g. additional information that must be reported), we are of the view that these requirements will not necessitate major system changes. We have, however included some measures to deal with implementation problems: 3. The implementation date has been stated as being 6 months after publication or on a later date determined by the Authority. If implementation becomes a widespread problem across the industry as a whole because the 6-month period is insufficient, the Authority would therefore be able to extend the implementation period. 4. If, however. Implementation in the 6-month period is not a widespread issue, but limited to specific scenarios, these instances will be considered on a case by case basis and, if justified, individual dispensations will be granted via exemptions.
86.	EBS	7(1)	The changes required to comply with conduct standard are such that I doubt that administration systems will be ready to implement within 90 days of	See response to item 85.

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			publication. Various administration systems will be impacted differently however the above may impact data base design and storage, software and programmes that assist with the submission and validation of data, compliance monitoring as well as support and training to the employers on any potential changes and requirements to the software. We suspect that the industry would require at least 6 months to a year to make system and process changes. The roll out of these is more challenging as an administrator with 10 000 participating employer pay points will find roll out more challenging in terms of sheer volume which may be impacted by the extent of changes made, versus an administrator with 1 000 participating employers. Employers may also need time to comply as in many instances the payroll system that calculates contributions is different to where personal data is stored so they are not in one place meaning that a single data file cannot be provided with the required data fields and financial data as specified in the draft conduct standard. In addition, depending on the size of the employer they may also not have the required data fields or may not hold the data fields required electronically. They will need time to address these matters. Would suggest that the implementation allow a year for full compliance but that early adoption be encouraged.	

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87.	EBCC	7(1)	We recommend a transition period of 24 months to allow for the above changes and submissions	See response to item 85.
88.	BATSETA	7(1)	The 90-day period is very short, especially in view of comments under 3(2) and 3(3). A much longer period is required. We recommend a 12- month transition period.	See response to item 85.
89.	OPFA	7(2)	Information Circular 1 of 2016 should be withdrawn.	Noted.
90.	OM	7(2)	It is recommended that all applicable Regulations, Circulars and Board Notices be repealed. This would include PF Circular 108,110 and Regulation 33.	Noted.
91.	EBCC	7(2)	We seek clarity on all applicable Regulations, Circulars and Board Notices. This would include PF Circular 108,110 and Regulation 33. Will this be repealed?	Where appropriate, the relevant aspects of Circulars and Board Notices and PF Circulars 108 and 110 will be repealed. The repeal of Regulation 33 was addressed in the Statement of Need.
92.	BATSETA	7(2)	It is recommended that all applicable Regulations, Circulars and Board Notices be repealed. This would include PF Circular 108 and 110. Regulation 33 should not be repealed until CoFI comes into operation.	Where appropriate, the relevant aspects of Circulars and Board Notices and PF Circulars 108 and 110 will be repealed. It is not clear why it is proposed that Regulation 33 should not be repealed until COFI comes into operation as Regulation 33 and this Conduct Standard has is no dependency on the COFI Bill process. Further, it won't make sense for the Conduct Standard to come into effect but the repeal of regulation 33 not to come into effect. As explained in the Statement of Need, the intention is to repeal regulation 33 at the same time that the Conduct Standard takes effect.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
93.	Acravest	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	Yes – it would lead to clarity in the S13A process if it is succesfully communicated to all involved parties with a clear indication of what is expected of them (in this case the SAPS).	Noted.
94.	WTW	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	We are happy in principle that Regulation 33 is updated and replaced. We have reservations about some aspects of the proposed Conduct Standard, as set out above.	Noted.
95.	OM	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	OM supports the principles that the draft Conduct Standard is trying to achieve. Requiring participating employers to provide the required members' personal and contact details as well as that of the responsible person, will greatly assist the industry to ensure adequate communication to members and to protect members interest. OM is however very concerned with the practical implementation of some of the requirements. We have formally engaged with the FSCA in 2019 and had a meeting with FSCA delegates on 5 December 2019 in this regard. A follow-up letter was also sent in March 2020. The main area of concern was that OM attempted to report section 13A contraventions to both the Commercial Crime Unit (CCU) nearest to the Funds' registered address (the Bellville unit), but was advised that they are not in a position to open cases. We were referred to the SAPS charge office nearest to the Funds' registered address (the Pinelands Police office) and the officer in charge refused to open a	We take note of the practical concerns surrounding reporting section 13A contraventions to SAPS. As we also explained above, the reporting requirement is critical in order to deter undesirable behaviour. We maintain the view that the practical issues (which can potentially be addressed) should not dictate whether or not the requirement should be inserted. Note that the Authority is currently liaising with the SAPS to see to what extent the process can be improved. Please note if an employer does not provide the prescribed information the employer is in contravention of section 13A(1) of the PFA and the conduct standard. Please note that section 167 of the FSR Act already provides that the Authority can impose an administrative penalty on a person that

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			case for the contravention of section 13A. If the current unwillingness of SAPS and the CCU is not resolved by the FSCA, Industry will not be able to comply with the Conduct Standard and members will remain unprotected. The other concern that OM has with the practical implementation is that employers are not willing, or unable to provide the personal contact details of their staff. As the Conduct Standard does not impose any penalty for non-submission or some mechanisms to force employers to provide the outstanding member details, it will minimise the objective of the Standard.	contravenes a financial sector law. As the conduct standard is a financial sector law, the Authority is already empowered to impose a penalty if the employer contravenes section 13A(1) or a provision of the conduct standard, and there is thus no point in repeating such a requirement in the conduct standard. In addition, section 37(1)(a) of the PFA provides that non-compliance with section 13A(1) is an offence, which means that the non-compliance can also attract criminal prosecution. We therefore disagree with the assertion in your comment.
96.	EBS	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	Yes, funds should get as much information as they can on members in order to identify, find and communicate with members. This also facilitates the new regulations in contacting members and providing communications. It will also mean less chance of members being untracebale as alternate contact details to the employer are available. Members should also know when contributions deducted from their salary or contractally payable are not being paid over correctly or timeously and if data to allocate these payments is not being provided so funds can be identfed and invested. This will improve tranparency to members	Noted.
97.	IRFA	Do you support the implementation of the draft Conduct Standard?	IRFA supports the principles that the draft Conduct Standard is trying to achieve. Requiring participating employers to provide the required members' personal	Noted. Both the issue regarding the practical challenges surrounding the SAPS referrals as well the issue relating to the ability to

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
		Please provide reasons for your answer.	and contact details as well as that of the responsible person, will greatly assist the industry to ensure adequate communication to members and to protect members interest. In addition, regulation 33 is complex and needs updating. We are however concerned with the practical implementation of some of the requirements. One administrator noted that engagements have been held with the FSCA noting the concerns they had in reporting section 13A contraventions to the Commercial Crime Unit (CCU) nearest to the funds' registered address, but was advised that they are not in a position to open cases. They were referred to the SAPS charge office nearest to the funds' registered address) and the officer in charge refused to open a case for the contravention of section 13A. If the current unwillingness of SAPS and the CCU is unresolved by the FSCA, the retirement sector will be unable to comply with the Conduct Standard and members will remain unprotected. The other concern that IRFA has with the practical implementation is that employers are unwilling or unable to provide the personal contact details of their staff. As the Conduct Standard does not impose any penalty for non-submission or mechanisms to force employers to provide the outstanding member details, it will minimise the objective of the Standard.	impose penalties where an employer does not furnish information have been addressed in our responses above.

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	Entity	**Question**	**comment**	**FSCA Response**
98.	Soundsolve	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	Yes, we do believe the standard communication templates would be beneficial. The items regarding outsourcing of collection of arrear contributions are also important considerations, to ensure members are not prejudiced.	Noted.
99.	EBCC	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	The EB Committee support the principles of the draft conduct. Requiring participating employers to provide the required members' personal and contact details as well as that of the responsible person, will greatly assist the industry to ensure adequate communication to members and to protect members interest. We raise a concern with the practical implementation of some of the requirements	Noted.
100.	BATSETA	Do you support the implementation of the draft Conduct Standard? Please provide reasons for your answer.	Batseta supports the implementation of the draft Conduct Standard. The following should be noted: 1. As employers do not fall within the ambit of the FSRA and by extension the FSCA at present, regulation 33 should not be repealed until CoFI comes into operation. 2. Guidance Note 6 of 2018 sufficiently deals sufficiently with the role of attorneys. This should not be included in the conduct standard. 3. The Standard should recognise electronic communication to members as appropriate and effective. Members should be compelled to provide e-mail addresses or mobile numbers. 4. Not all the contact details required are obtainable and necessary such a tax numbers, membership numbers and references to CTC.	1. Disagree. Section 13A already imposes requirements directly on employers, and so does the proposed conduct standard. Jurisdiction therefore already exists, and it is not necessary to wait for COFI to deal with these specific issues. 2. A Guidance Notice is not subordinate legislation nor is it legally enforceable. We maintain that these requirements should be dealt with in the conduct standard as it then becomes legally enforceable. 3. The Standard does now explicitly recognise electronic communications- see definition of "writing". 4. Noted, see amendments to Standard which addresses most of these issues.

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	Entity	**Question**	**comment**	**FSCA Response**
			5. Reporting non-payment of contributions to the board alone is not enough. Boards should indicate which steps they are taking to remedy the situation. 6. When employers fail to pay contributions, funds as a first step should communicate with the employer to determine the reason for the failure before communicating with members. 7. The Adjudicators Office should be approach to assist with the recovery of contributions. 8. Given the current COVID-19 circumstances the Standard should include provisions for employers who are in distress.	5. Agree. 6. Agree. See amendment to Standard. 7. Unclear what you are proposing in this regard. 8. Unclear what you are proposing in this regard.
101.	Acravest	Will the requirements of the draft Conduct Standard lead to: a) a reduction in consumer choice; b) higher prices due to less competition; c) the creation of barriers for new entrants and service providers; d) facilitation of anti-competitive behaviour or emergence of monopolies; and e) market segmentation?	No	Noted.
102.	Sentinel	Will the requirements of the draft Conduct Standard lead to: a) a reduction in consumer choice; b) higher prices due to less competition; c) the creation of barriers for new entrants and service providers;	(a) No (b) No (c) No (d) No (e) No	Noted.

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	Entity	**Question**	**comment**	**FSCA Response**
		d) facilitation of anti-competitive behaviour or emergence of monopolies; and e) market segmentation?		
103.	WTW	Will the requirements of the draft Conduct Standard lead to: f) a reduction in consumer choice; g) higher prices due to less competition; h) the creation of barriers for new entrants and service providers; i) facilitation of anti-competitive behaviour or emergence of monopolies; and j) market segmentation?	The effect that we may see, over time, is that this **together with other regulatory initiatives** will diminish the appeal for employers of free-standing, employer-sponsored retirement funds, and hence increase the attractiveness of commercial umbrella funds. While this is not necessarily a bad thing in itself, we do point out that the umbrella fund landscape seems to be increasingly concentrated on the "big brand" funds operated by the large insurers. Appopriate and specific regulation of the umbrella fund industry may therefore become increasingly necessary, to ensure fair competition and fair treatment of participating employers and their employees who are umbrella-fund members.	Noted.
104.	OM	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes, to ensure compliance with the Standard, systems changes by both the employer and administrator will be required. There are also the potential additional human resource costs associated with the reporting requirements. Further details are provided below. 1. It is foreseen that the completion of Annexure A at on-boarding will require additional human resources' time. 2. The annual submission of Annexure A will require system development if administrators want to automate it, especially required for Umbrella Fund administration. This will result in additional system	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			development costs. If it is not automated, it will require additional human resources, which will increase the operational costs. 3. Providing monthly reporting to the Registrar would have a big impact on administrators and associated costs. 4. The additional required data fields to be submitted and monthly reporting of the responsible person on the contribution schedule would require system enhancements by both participating employers and administrators. Participating employers are dependent on external vendors to make such changes. Therefore, there would be system development costs for all parties concerned.	
105.	EBS	Will the requirements of the draft Conduct Standard lead to: k) a reduction in consumer choice; l) higher prices due to less competition; m) the creation of barriers for new entrants and service providers; n) facilitation of anti-competitive behaviour or emergence of monopolies; and o) market segmentation?	a) No b) No c) No d) No e) No	Noted.
106.	IRFA	Will the requirements of the draft Conduct Standard lead to: p) a reduction in consumer choice;	Various data requirements would require the use of complex systems by both administrators and participating employers to umbrella funds. This could prevent new entrants (administrators) to the market,	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
		q) higher prices due to less competition; r) the creation of barriers for new entrants and service providers; s) facilitation of anti-competitive behaviour or emergence of monopolies; and t) market segmentation?	as well as the ability of small employers to join umbrella funds. If the Authority enforces the Conduct Standard by placing the responsibility on funds or administrators to ensure that employers comply with the Conduct Standard, it may result in anti-competitive behaviour, as some umbrella funds/ administrators will not allow an employer to join the fund, while other umbrella funds may allow an employer to join despite not complying with the Conduct Standard. Should umbrella funds refuse to approve employer's participation due to the lack of member contact details provided, it could lead to market segmentation, as a large number of employers may be unable provide all the required member data fields.	
107.	Soundsolve	Will the requirements of the draft Conduct Standard lead to: u) a reduction in consumer choice; v) higher prices due to less competition; w) the creation of barriers for new entrants and service providers; x) facilitation of anti-competitive behaviour or emergence of monopolies; and y) market segmentation?	 No No No No No	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
108.	BATSETA	Will the requirements of the draft Conduct Standard lead to: z) a reduction in consumer choice; aa) higher prices due to less competition; bb) the creation of barriers for new entrants and service providers; cc) facilitation of anti-competitive behaviour or emergence of monopolies; and market segmentation?	Members raised concerns regarding increases in costs especially in relation to system changes and/or upgrades. In the event that such changes do not result in a major increase in costs it creates the opportunity to request fee increases anyway. A concern was raised that employers find it easy to liquidate and when they reopen again, they simply move to another fund. Members are disadvantaged. The FSCA should keep a central data-base and share such information to curb such behaviour.	Noted.
109.	Acravest	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes. Reporting to the SAPS is a timeous process resulting in loss of office hours. Legal fees involved in liability suits are costly which most Funds are not able to afford, and should they be able, it is at the expense of members of the Fund via adminstrative fees.	Noted.
110.	Sentinel	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes – System enhancements to be introduced. This will incure additional develepment costs for both the fund and employers. It may also result in increased administration costs as personal information data from employers will need to be checked and preferably be validated for correctness and accuracy e.g.: postal code, mobile number characters & length	Noted.
111.	WTW	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes it will. The additional reporting requirements (or the requirement to report in more detail and perhaps on a more regular basis) will increase the costs of fund administration, which we would expect administrators to try to pass on to their retirement fund clients (we assume the reference in the question to "the business" is to costs that would ultimately be	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			borne by funds). We are not able to estimate the expected extra costs, which may not be very significant in isolation, but would come at a time when other regulatory initiatives are also tending to drive costs up.	
112.	EBS	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes, some funds have been following the process envisaged but many have not the detailed process set out requires more monitoring and execution than the current process. In addition if communication to members is required in writing via a letter this costs money even if delivered to employer for hand delivery, as does bulk txting and emails. Cost will be variable and linked to the frequency of non compliance and the number of members who have to be communicated with and in what format. What the actual amounts will be is dificult to say, initial we see transactional fees being charged at a rate per communication, but ultimately over time the cost per member will be increased (change in base cost)	Noted.
113.	IRFA	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes, another process will need to be designed and current processes updated. Significant effort will need to be spent by funds, administrators and employers on implementation of the new conduct standard. Yes, to ensure compliance with the Standard, systems changes by both the employer and administrator will be required. There are also the potential additional human resource costs associated with the reporting requirements. Further details are provided below.	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			1. It is foreseen that the completion of Annexure A at on-boarding will require additional human resources' time. 2. The annual submission of Annexure A will require system development if administrators want to automate it, especially required for Umbrella Fund administration. This will result in additional system development costs. If it is not automated, it will require additional human resources, which will increase the operational costs. 3. Providing monthly reporting to the Authority would have a big impact on administrators and associated costs. The additional required data fields to be submitted and monthly reporting of the responsible person on the contribution schedule would require system enhancements by both participating employers and administrators. Participating employers are dependent on external vendors to make such changes. Therefore, there would be system development costs for all parties concerned.	
114.	Soundsolve	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	Yes, additional reporting requirements, i.e. time allocation to reporting. There will also be costs associated with additional fields to be imported electronically, via the contribution imports.	Noted.
115.	BATSETA	Will the Conduct Standard impose additional compliance costs on the business? If yes, please provide details including the expected costs.	All relevant parties will have to review and update current practices and processes including but not limited to payroll systems, communicaiton channel managment, recovery of contribution costs and	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			monitoring and reporting. Most of the costs will be related to staff time and system upgrades. Board committee might also be required to meet more often. Meeting fees are payable.	It is unclear why the board has to meet more often. We need more information relating to this point to enable us to respond.
116.	Acravest	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	Refer to the above.	Noted.
117.	Sentinel	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	Increase in system development costs for both the fund and employers. It may also result in increased administration costs as personal information data from employers will need to be checked and preferably be validated for correctness and accuracy e.g.: postal code, mobile number characters & length	Noted.
118.	WTW	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	See answer to (3) above – we would not distinguish between compliance costs and operational costs – the two are intertwined in our view.	Noted.
119.	OM	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	As noted in point 3 above, ensuring compliance with the Standard will require operational changes to both systems and processes. This will negatively impact operational costs. In addition, communicating directly with members will cause spikes in call volumes in call centres, requiring additional call centre staff to manage call volumes, which will increase operational costs.	Noted.
120.	EBS	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	The additional communication will incur ongoing cost as set out in 3 above plus man power to ensure the communication happens and is sent. There will be costs in terms of the following: a) Hardware costs to store more data - ongoing	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			b) Development of databases, programmes and software – Once off c) Support and training costs for employer roll out – Once off	
121.	IRFA	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	Will increase.	Noted.
122.	Soundsolve	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	System development, to create functionality to import additional fields.	Noted.
123.	BATSETA	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	There are more information, engagements and reporting required. This will lead to an increase in operational costs.	Noted.
124.	Acravest	If an increase in operational cost is expected, who will bear the cost and why?	Administrators fund the standard governance process. In case of excessive costs per case (i.e. Legal & court attendance / Physical waiting ques where staff is rendered unproductive), the members will carry the cost as these are not included in service provider SLA.	Noted.
125.	Sentinel	If an increase in operational cost is exspected, who will bear the cost and why?	The costs will be borne by members of the Fund as the Fund is a self-administered DC fund.	Noted.
126.	WTW	If an increase in operational cost is exspected, who will bear the cost and why?	This depends on whether fund administrators seek to pass these costs on to their retirement fund clients (and are successful in doing so).	Noted.
127.	Oldmutual	If an increase in operational cost is exspected, who will bear the cost and why?	The Umbrella Fund as an entity is liable for all costs, but such costs are factored into the membership fees.	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			This means that ultimately the members will bear any additional operational costs.	
128.	EBS	If an increase in operational cost is exspected, who will bear the cost and why?	Ultimately the members will bear the cost as the additional compliance and administrative function costs (capital and ongoing) are recovered from funds.	Noted.
129.	IRFA	How do you anticipate the draft Conduct Standard will affect the operational cost of the business?	As regards 3(2)h(xi) – some administrator would not have catered in their system for the requirement to hold cost to company information in addition to pensionable salary and risk salary. So, this may require system development, which will take time and have a cost attached. ensuring compliance with the Standard will require operational changes to both systems and processes. This will negatively impact operational costs. In addition, communicating directly with members will cause spikes in call volumes in call centres, requiring additional call centre staff to manage call volumes, which will increase operational costs. In the short term, service providers, in the longer term, these costs will be passed onto funds and members. The Umbrella Fund as an entity is liable for all costs, but such costs are factored into the membership fees. This means that ultimately the members will bear any additional operational costs.	Noted.
130.	Soundsolve	If an increase in operational cost is exspected, who will bear the cost and why?	The administrator will bear the cost, because this forms part of the administration function. However, there may also be additional costs for the Employers,	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			because some of the required fields are not readily available off the respective Employer's payroll systems, so the Employers would potentially also be required to consider system developments.	
131.	Baseta Council of Retirement Funds for South Africa	If an increase in operational cost is exspected, who will bear the cost and why?	The cost will eventually be passed onto the members.	Noted.
132.	Acravest	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	No – on condition that SAPS establish a central specialised reporting hub for electronic submissions	Noted.
133.	Sentinel	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	Yes, the updating of personal information on a monthly basis may delay the finalisation of contribution statements especially where an employer's system is not able to provide all this information electronically and where errors are identified in example postal codes, incorrect mobile numbers etc.	Noted.
134.	WTW	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	No we don't.	Noted.
135.	Oldmutual	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	No	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
136.	Employee Venefit Solutions (Pty) Ltd	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	Yes, the process to manage the additional data fields and support as set out above will change as well as the issuing of late payment penalties recover and monitoring These costs will be part of the development costs	Noted.
137.	IRFA	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	No model changes, but more intensive processes.	Noted.
138.	Soundsolve	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	NO	Noted.
139.	BATSETA	Do you anticipate that business models may need to change as a result of the draft Conduct Standard? If yes, please provide details including the expected costs.	Business models will not necessarily change but care should be taken not to disincentivise employer to offer or continue to offer retirement fund benefits.	Noted.
140.	Acravest	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	Refer to response at question 5	Noted.
141.	Sentinel	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	The implementation will have positive outcomes for members of funds as the various standard formats introduced will assist in quicker recovery of contributions on behalf of members. Further governance mechanism are introduced by the draft Conduct Standard now requires Boards to consider issues around conflict of interest and reasonability of	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			fees charged before outsourcing the collection of outstanding contributions. However, the FSCA needs to be serious about driving the change required by employers - if employers do not provide the required information accurately this will impact the cost of fund administration in that additional resources will be required to obtain and ensure clean accurate data is recorded.	
142.	WTW	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	We are not sure what "customer groups" means, in this context. We would comment though that the challenge of implementing this Conduct Standard would be much greater for a multi-employer umbrella fund (especially one with many smaller employers) than for many single-employer-sponsored funds, especially where the latter interact with a single payroll or a limited number of "pay points".	Noted.
143.	OM	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	If the Standard is properly enforced by the Authorities, the members will have greater protection. The Umbrella Fund as an entity is liable for all costs, but such costs are factored into the membership fees. This means that ultimately the members will bear any additional operational costs.	Noted.
144.	EBS	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	Administrators will need to create the ability to perform the functions for the funds they administer and modify processes to deal with and services them Compliance officers and PO's will need to ensure that there is compliance with all the steps in the process	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
146.	IRFA	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	Funds and members will face increased costs over the medium to longer term.	Noted.
147.	IRFA	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	If the Standard is properly enforced by the Authorities, the members will have greater protection. The Umbrella Fund as an entity is liable for all costs, but such costs are factored into the membership fees. This means that ultimately the members will bear any additional operational costs.	Noted.
148.	Soundsolve	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	No comments	Noted.
149.	BATSETA	How will different customer groups be impacted by the requirements of the draft Conduct Standard?	Employers and funds will incur additional cost i.r.o systems and compliance requirements. There will be greater transparency and improved member communication. The utilisation of SAPS to recover contributions might not be the most efficient way to do so and other modes of recovery should be considered.	Noted.
150.	Acravest	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	No	Noted.
151.	Sentinel	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	Not necessarily.	Noted.
152.	WTW	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	This is debatable – we can see good reasons for funds to collect the member data specified in section 3(2)(h) of the Conduct Standard, but we have noted	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			that some of the provisions relating to this data collection seem unrealistic and over-zealous. We don't believe that the Conduct Standard would do anything to **increase** competition.	
153.	OM	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	Unless properly enforced, the increased prices to consumers will not be mitigated by greater transparency. Unless a mechanism exists to force an employer to provide the contact details, greater transparency will not be possible.	Noted.
154.	EBS	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	No, in the requirements to report to trustees, the FSCA and others already exists, the only addition is communicating with members, which is expensive, and most members sadly ignore fund communication. Employers will manage the dialogue with employees, with unionised members making the most of the communication. The additional data fields however are critical in that they allow for more effective administration of fund across more areas for example unclaimed and paid up member requirements.	Noted.
155.	Soundsolve	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	No	Noted.
156.	BATSETA	Will the risk of increased prices to consumer be mitigated by greater transparency and competition?	No. Any price increase negatively impacts the amount members contribute towards their savings.	Noted.
157.	Acravest	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and	Yes – SAPS establishing a central electronic case reporting hub	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
		for which section of the draft Conduct Standard?		
158.	Sentinel	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	Yes, as the introduction will have operational impact on Funds, POs and Boards, a transitional period is necessary to facilitate the implementation of the new sections introduced by the draft `conduct Standard. Employers will also need time to enhance their payroll/HR systems to provide the level of detail required especially for migrant/foreign employees.	Noted. See response to item 85.
159.	WTW	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	Perhaps a phasing-in period should be considered for the requirement to collect additional member data (beyond that currently envisaged by Reg.33).	Noted. See response to item 85.
160.	OM	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	Yes. Changes to administrator systems, especially payroll systems, will be required. In addition, employers are reliant on vendors to make changes to their payroll systems. Due to the requirement for employers to provide all member data, as per the minimum requirements, we foresee at least a 24month transition period taking into account the number of participating employers to Umbrella Funds.	Noted. See response to item 85.
161.	EBS	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	As indicated above the system and process changes will vary between providers as well as the ability to roll this out to employers. Would recommend that compliance I required within 1 tear of publications and that any further extension be applied for which some	Noted. See response to item 85

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
			very large administrators with legacy systems may need.	
162.	Soundsolve	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	Yes, because the collation of Employee details that is not necessarily held by Employers, on their current system, or payroll systems, for example, under member contact details, if there is a need for personal email addresses, this information may not currently be available.	Noted. See response to item 85.
163.	BATSETA	Are transitional arrangements necessary to implement the Standard? If yes, what transitional arrangements do you propose and for which section of the draft Conduct Standard?	Yes. Systems changes will be required to capture the required information in section 3. Given the COVID-19 pandemic more time will be required to effect changes. A transition period of at least 12 months will be required.	Noted. See response to item 85
164.	Acravest	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Yes	Noted.
165.	Sentinel	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Yes	Noted.
166.	OPFA	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Yes. However, consider replacing Annexure C with a list of information that must be submitted to the SAPS in respect of the different scenarios instead of trying to fashion a draft affidavit that may appear confusing to the reader.	Noted.

Section B - Questions relating to the anticipated impact of the Conduct Standard				
	Entity	**Question**	**comment**	**FSCA Response**
167.	WTW	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Generally, yes.	Noted.
168.	OM	Do you find the format of the Conduct Standard user-friendly and simple to	Yes, except the calculation of LPI that is unclear.	Noted.
169.	EBS	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Was adequate	Noted.
170.	Soundsolve	Do you find the format of the Conduct Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	It is not simple to understand, for certain aspects. Please refer to the clarification requested in the relevant points above.	Noted.
171.	BATSETA	Standard user-friendly and simple to understand? If no, please provide suggestions for improvement.	Yes, Areas of clarification or improvement were raised in Annexure A for the template.	Noted.

Section C – General Comments				
	No	**Issue**	**Comment/Recommendation**	
172.	OPFA	Annexure A – paragraph 4	Consider amending: ***Kindly take notice that <u>in</u> the event…***	Agreed. Necessary changes will be made.

Section C – General Comments				
	No	**Issue**	**Comment/Recommendation**	
173.	OPFA	Annexure A – paragraph 5	Consider amending: ***As an employer you should note that in terms of section 13A(8) and section 13A(9) of the Act…***	Agreed. Necessary changes will be made.
174.	OPFA	Annexure C	Consider replacing Annexure C with a list of information that must be submitted to the SAPS in respect of the different scenarios instead of trying to fashion a draft affidavit that may appear confusing to the reader.	Partially agreed. Necessary changes will be made.
175.	OPFA	Annexure C – paragraphs 11, 15, 17 and 17 (alternative paragraph)	Consider amending: The reference to "***Registrar's Notice No.*** __" should be amended to "***Conduct Standard No.*** __"	Agreed. Necessary changes will be made.
176.	OPFA	Annexure C – paragraph 17.2	The 30 day period referred to is not contained in section 4(2)(a) of the draft Conduct Standard.	Agreed. Necessary changes will be made.
177.	OPFA	Annexure C – paragraph 17.2	The draft Conduct Standard does not require the members to be notified about the board's proposed course of action.	Noted.
178.	OPFA	Annexure C – paragraph 17.5	See comment relating to section 4(3) of the draft Conduct Standard above.	Noted. See response to comments relating to 4(3) above.