

Module # 1 Component 1



Legislation Affecting Pension Funds

Tasks for this Module

KNOWLEDGE CRITERIA
The impact of the Financial Intelligence Centre Act on pension funds.
The Labour Relations Act and pension funds implications.
Long-Term Insurance Act requirements in regard to pension fund.
FAIS Act requirements for the pension funds FSPs and representatives.
Standards of behaviour and operation the FSPs and representatives must uphold in terms of the General Code Of Conduct(GCOC).
Identify and detail objectives and requirements of the Industry Bodies & Associations in the pension funds sector.
Know the role of Professional Bodies in the pension funds industry.
Identify Industry Standards that Pension Funds must comply with.

THE FINANCIAL INTELLIGENCE CENTRE ACT (2001)

FICA Legislation

The purpose of the Financial Intelligence Centre Act

FICA aims to:

1. establish a Financial Intelligence Centre in order to combat money laundering activities and the financing of terrorist and related activities;
2. impose certain duties on institutions and other persons who might be used for money laundering purposes and the financing of terrorist and related activities;
3. provide for customer due diligence measures including with respect to beneficial ownership and persons in prominent positions;
4. provide for a risk based approach to client identification and verification;
5. provide for the implementation of financial sanctions and to administer measures pursuant to resolutions adopted by the Security Council of the United Nations;
6. clarify the application of the Act in relation to other laws;
7. provide for the sharing of information by the Centre and supervisory bodies;
8. provide for risk management and compliance programmes, governance and training relating to anti-money laundering and counter terrorist financing;
9. provide for the issuance of directives by the Centre and supervisory bodies;
10. provide for the registration of accountable and reporting institutions;
11. provide for the roles and responsibilities of supervisory bodies;
12. provide for written arrangements relating to the respective roles and responsibilities of the Centre and supervisory bodies; to provide the Centre and supervisory bodies with powers to conduct inspections; to regulate certain applications to Court;
13. provide for administrative sanctions that may be imposed by the Centre and supervisory bodies;
14. establish an appeal board to hear appeals against decisions of the Centre or supervisory bodies; to provide for arrangements on consultation with stakeholders;
15. amend the Prevention of Organised Crime Act, 1998, and the Promotion of Access to Information Act, 2000; and to provide for matters connected therewith.

FICA imposes the following requirements on accountable institutions and those that work in them:

- Identification of clients and other persons;
- Understanding and obtaining information on business relationship
- Duty to keep record;
- Obligation to keep customer due diligence records
- Obligation to keep transaction records

NOTE: Records may be kept in electronic form and by third parties. Records must be kept for five years from termination of the business relationship or from the conclusion of a single transaction or from lodging a report with the fic.

Period For Reporting

- 1) A report under section 28A (Property associated with terrorist and related activities) of the Act must be sent to the Centre as soon as possible but not later than 5 days after
- 2) (1) (report for Property associated with terrorist and related activities) to be sent to the Centre after the period referred to in that sub regulation must reach the Centre before the expiry of that period.
- 3) A report under section 29 (Suspicious and Unusual Transactions) of the Act must be sent to the Centre as soon as possible but not later than fifteen days
- 4) A report under section 28 (Cash Above the Prescribed Limit (R24 999.99) must be sent to the Centre as soon as possible but not later than two days.

Training Relating to Anti-Money Laundering And Counter Terrorist Financing Compliance.

An accountable institution must provide ongoing training to its employees to enable them to comply with the provisions of this Act and the Risk Management and Compliance Programme which are applicable to them.

Failure To Provide Training

An accountable institution that fails to provide training to its employees in accordance with [section 43](#) is non-compliant and is subject to an administrative sanction.

FICA Penalties

Failure to train staff	Administrative sanctions
Offences relating to Inspections	Fine not exceeding R10 000 000 OR Imprisonment not exceeding 5 Years
Hindering or obstructing Appeal Board	Fine not exceeding R10 000 000 OR Imprisonment not exceeding 5 Years
Failure to attend when summoned	Fine not exceeding R10 000 000 OR Imprisonment not exceeding 5 Years
Failure to answer fully and truthfully	Fine not exceeding R10 000 000 OR Imprisonment not exceeding 5 Years
Failure to report cash movement into and out of South Africa	Fine not exceeding R10 000 000 OR Imprisonment not exceeding 5 Years
Offences other than the ones above	Fine not exceeding R100 000 000 OR Imprisonment not exceeding 15 Years

THE LABOUR RELATIONS ACT AND PENSION FUNDS

One of the primary purposes of the Labour Relations Act was to give effect to Section 23 of the Constitution of the Republic of South Africa, 1996. Section 23 forms a part of Chapter 2 that deals with the entrenched fundamental Bill of Rights contained in the Constitution.

Some aspects of the negotiation process

Every employee benefit programme should be integrated into the employment situation, taking into account salary structures, HR policies, and the employer's approach to industrial relations.

Employee benefit negotiations should not be confused with salary/wage negotiations, although it is inevitable that the two will, in many cases, be seen together.

It is therefore generally best (but not always possible) that expected maximum contribution rates, for both employers and employees be set before any major benefit structure negotiations start. If this is not done the benefit structure will probably need to be designed and redesigned many times as quotations come back with unacceptably high contribution rates. The likely result of the additional negotiations may have an unsatisfactory result.

The benefit consultant assisting in the negotiating process should assess the politics of the situation in which negotiations are to take place and work at gaining the trust of all the parties concerned. Negotiations should be kept focused on the needs and perceptions of the future members while keeping in mind the financial capabilities of the employer.

All groups of employees should be adequately consulted and represented. In particular, non-union employees should have their own representation. No group of employees should be presented with a situation, with no room for negotiation.

Hasty and unexpected action should not be allowed. An example of such an action would be pressure from the employer to change from a pension to a provident fund simply because there is some employee discontent about, and opposition to, the current pension fund.

All parties should accept that where employer and employee representatives have gone through a negotiation process and have arrived at an agreed benefit structure, the employer will have discharged his moral obligation and further employee demands should now wait until the next scheduled round of negotiations.

All the parties to the negotiations should always first be educated as to the complexity of the issues at hand so that they can understand the issues and make choices based on fact and not on preconceived ideas and misconceptions. In particular, education can narrow the gap between real and perceived needs and thus help negotiations to work toward satisfying real needs. In particular they should understand the various types of plans such as pension versus provident fund or underwritten versus self-insured fund, and the implications regarding tax.

Apart from the training of the negotiating parties the education of the employee body will be essential if the benefit structure is to be put to a meeting of employees at some stage. It will also enable them to understand, appreciate, and use their benefits.

The removal of the unknown removes distrust. In addition, if the issues are understood, the responsibilities that various people will have to accept will be better understood and will help the administration of these responsibilities.

Section 23 of the Constitution of the Republic of South Africa

Everyone has the right to fair labour practices.

Every worker has the right to:

- form or join a trade union;
- participate in the activities and programmes of a trade union;
- strike.

Every employer has the right to:

- form and join an employers' organisation;
- participate in the activities and programmes of an employers' organisation.

Every **trade union** and every **employers' organization** has the right to:

- determine its own administration, programmes and activities;
- organise;
- form and join a federation.

Every trade union, employers' organization and employer has the right to engage in collective bargaining. National legislation may be enacted to regulate collective bargaining.

National legislation may recognize union security arrangements contained in collective agreements. To the extent that the legislation may limit a right in this Chapter, the limitation must comply with Section 36(1) of the Labour Relations Act.

Section 36(1) states that the rights of the Bill of Rights may be limited only in terms of law of general application to the extent that the limitation is reasonable and justifiable in an open and democratic society based on human dignity, equality and freedom, taking into account all relevant factors, including:

- a) the nature of the right;
- b) the importance of the purpose of the limitation;
- c) the nature and extent of the limitation;
- d) the relation between the limitation and its purpose; and
- e) less restrictive means to achieve the purpose.

One can thus appreciate that the Labour Relations Act introduced a completely new dimension into the relationship between an employer and its employees.

The most important aspect of the Labour Relations Act, however, from the perspective of persons involved in the management and administration of a retirement fund, is in the dispute resolution procedures. Where the Labour Relations Act plays an important role in this regard, is where the dispute is lodged against the employer and/or the fund on the basis of an “unfair labour practice”.

The Commission for Conciliation, Mediation and Arbitration (CCMA)

According to the Labour Relations Act any employee has the right to refer any dispute or unfair labour practice to the CCMA. An unfair labour practice in terms of the Labour Relations Act includes:

“the unfair conduct of the employer relating to the provision of benefits to an employee”

The only formality prescribed is that the employee must send a copy of the complaint sent to the CCMA, to the employer.

The CCMA will conciliate the matter within a period of 30 days by means of a mediation procedure, fact finding or by making an advisory arbitration award.

The implications to the employer that cannot be ignored here are the fact that the employer, in deciding on the benefits to be included in a retirement fund for its employees:

- cannot make a unilateral decision on the benefits that are to be included in the retirement fund;
- cannot negotiate with any member representatives that have not been duly elected (or correctly appointed in the case of trade union representation);
- must ensure that the benefits included in the retirement fund are fair and equitable with funds for employees in a similar organisation within a common industry.

The implications for the member and employer representatives cannot be overlooked. Once the fund is in place, the management board of the fund will be seen in its capacity as the representative “employer” within the retirement fund.

Any unfair labour practices involving fund benefits that are referred to the CCMA will therefore cite the management board as the employer. Practices that could constitute unfair labour practices and therefore need to be addressed while the negotiations for the formation of the fund are underway, include not only the benefit structure of the fund, but also the:

- definition of an actuarial reserve;
- determination of an investment strategy.

There are a large number of unexpected factors that need to be taken into account, as there are also other areas of the Labour Relations Act that can have a major impact on the management and administration of a retirement fund.

Bargaining councils

Bargaining councils can be established by one or more trade unions and/or one or more employer organizations, provided they represent at least half of the employees (in the case of trade unions), or at least half of the employers in the particular sector of industry in which they operate or in the particular area in which they are based.

Once a bargaining council has been registered, they are granted wide powers including the power:

“to establish and administer pension, provident, medical aid schemes for the benefit of one or more of the parties to the bargaining council or their members.”

Bargaining councils also have the right to apply to the Minister of Labour for the extension of a collective agreement to persons who are not a party thereto (i.e. non-trade union member employees or employers who do not belong to the employer organization). In terms of Section 32 of the Labour Relations Act:

“a bargaining council may ask the minister in writing to extend a collective agreement to any non-parties to the collective agreement that are within its registered scope and are identified in the request, if the majority of the members of both the trade unions and employer organizations are in favour of such an extension.”

This could have major implications for existing funds where the bargaining council has set up a retirement fund and now submits a request to the minister for the extension of a “collective agreement” to include members of these existing funds.

LONG-TERM INSURANCE ACT AND PENSION FUNDS

Legislation controlling insurance business in South Africa was first formalized with the introduction of the Insurance Act, 1943, (Act no. 27 of 1943). After many amendments to this Act it was eventually decided that completely new legislation was needed and in 1998 separate Acts applicable to long-term and short-term business were passed by parliament - the Long-term Insurance Act of 1998 (Act no 52 of 1998) and the Short-term Insurance Act of 1998 (Act no. 53 of 1998).

With respect to the impact of the Long-term Insurance Act on retirement fund business, the Act includes a definition of business that allows long-term insurers to provide a special service to funds. The type of policy in question is called a "fund policy" and –

means a contract in terms of which a person, in return for a premium, undertakes to provide policy benefits for the purpose of funding in whole or in part the liability of a fund to provide benefits to its members in terms of its rules, other than such a contract relating exclusively to a particular member of the fund or to the surviving spouse, children, dependants or nominees of a particular member of the fund, and includes a reinsurance policy in respect of such a contract;

A long-term insurer plays an active part in the provision of services to retirement funds. The definition above allows an insurer the opportunity to provide the benefits due to the members of a retirement fund on behalf of the registered fund.

Another option used by insurers, based on this definition, is the provision of "individual" retirement fund benefits to the members of a registered retirement annuity fund. Retirement annuity funds abide by this definition in that they do not "sell" individual policies to the people wanting to have their own retirement annuity. The individuals all become members of the fund, which has been set up for the group as a whole by the insurer.

Another service offered by insurers to retirement funds is in the administrative area as the administrators of retirement funds.

The legislation is of particular importance as no person is permitted to carry on any kind of long-term insurance business, unless that person is registered as a long-term insurer, is authorized to carry on the kind of long-term insurance business that it is registered for and carries on that business in accordance with the Long-term Insurance Act.

Long-term insurers are subject to the controls of the Registrar of Long-term Insurance. The role of the Registrar has been delegated to the executive officer of the Financial Services Board. As the role of the Registrar of Pension Funds has also been delegated to the same person, one can appreciate that the control over long-term insurers and retirement funds is likely to have much in common. While the Financial Services Board has separate divisions for each of these industries it is only natural that matters of common interest will be dealt with by a common approach.

An insurer granted a general license will be in a position to do business in all the categories of long-term insurance. Such a classification is defined as “long-term” business. Restricted licenses are issued for the following classes of long-term insurance business:

Assistance	<p>(Policies under R10 000 (increased to R18 000 in 2008) - used mainly for “funeral” insurance). An increase was announced with regards to the maximum value of the policy benefits to be provided in terms of an assistance policy (Financial product subcategory 1.1).</p> <p>As from 11 November 2013, the maximum amount will be increased from R18 000 to R30 000.</p> <p>The new definition of an “assistance policy” will therefore refer to a life policy in respect of which the aggregate of:</p> <p>a) the value of the policy benefits, other than an annuity to be provided (not taking into account any bonuses to be determined at the discretion of the long-term insurer);</p> <p>b) the amount of the premium in return for which an annuity is to be provided,</p> <p>does not exceed R30 000 and includes a reinsurance policy in respect of such policy.</p> <p>Assistance Policies exclude policies referred to in the definitions of Long-term Insurance B1, B2 and C and credit life. If you are not sure, please discuss this with your product supplier.</p>
Disability	(Policies that pay benefits when the functional ability of the mind or body of a person or an unborn become impaired)
Fund	(As defined earlier in this section)
Health	(This applies to hospital and major medical insurance and not medical schemes);
Life	(Policies that pay benefits when a “life event” occurs. This is classified as being when a life begins, continues, has continued for a period, or has ended. The definition thus makes provision for both life and endowment policies.)

All long-term insurers must appoint auditors and statutory actuaries. The duties of the auditor are no different from those of an auditor appointed by any major company. However, some aspects of the role of the statutory actuary justify some further investigation. Long-term insurers, by the very nature of their business, accumulate large long-term contingent liabilities.

The statutory actuary must ensure that the assets of the insurer are at all times adequate to meet these liabilities. It is also the responsibility of the statutory actuary to provide the Registrar with all the reports and statistics demanded in terms of the Act.

It is perhaps interesting to note that the roles of the auditor and actuary are not that different from those performed by the auditor and valuator of a non-exempt fund. Considering the requirements for either the audit or valuation exemption of a fund, the auditor and statutory actuaries of the insurer, who must play a part in order that the exemptions may be granted, in fact replace the need for the fund to appoint its own.

Another area in which long-term insurers and retirement funds are not that different is in the prudent investment regulations set out for each. Where retirement funds must abide by Regulation 28 of the Pension Funds Act, long-term insurers must abide by Regulation 2 of the Long-term Insurance Act. These two regulations are very similar as they are monitored and controlled by the same organization, and deal with business that is very similar in nature.

The Long-term Insurance Act and the Pension Funds Act thus have many similarities with regards to controls and restrictions imposed and monitored by the State in the guise of the FSCA.

In one area there is, however, a very fundamental difference. Whereas the Pension Funds Act deals exclusively with benefits provided to groups of people, this is only one of the areas within which long-term insurers operate. They are, in fact, far better known for the fact that they can provide benefits to individuals, who can also become the owners of the policies that they may choose to purchase. There are thus certain unique aspects of long-term insurance business that you need to be aware of.

Protection of policies

Retirement benefits paid in the event of the death of a member are protected from his creditors in terms of Section 37B of the Pension Funds Act. While there are certain exceptions most of the benefits are usually protected. This is not necessarily so with a long-term insurance policy. While there is certainly some protection afforded to long-term policies by the Long-term Insurance Act this is by no means as extensive as that offered by the Pension Funds Act.

FAIS ACT AND PENSION FUNDS

Key Role Players

These are shown in the figure below:

Financial Sector Conduct Authority
Prudential Authority
Enforcement Committee
Financial Services Tribunal/Board of Appeal
FAIS Commissioner
Ombud for Financial Services Providers
Financial Services Provider (FSP)
Product Supplier
Client
Key individual
Compliance Officer
Auditor
Representatives

The roles of the above role players are briefly as follows:

ROLE PLAYER	Description/Role
Financial Sector Conduct Authority (FSCA)	The appointed regulator of financial services in South Africa. It oversees market conduct, market safety and consumer education.
Prudential Authority (PA)	Based at the South African Reserve Banks. It regulates the financial soundness of all FSPs. Its aim is to ensure market financial stability.
Enforcement Committee	Adjudicates contraventions of the FAIS act as well as other related regulations and codes of conduct. They impose unlimited penalties, compensation orders and cost orders in the event of breaching the regulations.
Financial Services Tribunal	Its sole aim is to reconsider decisions by different decision makers including authorities, Ombud schemes and FSPs. They handle all appeals by different role players based on decisions made by decision makers. An aggrieved client, FSP or representative for example will appeal at this tribunal.
FAIS Commissioner	The person who oversees the FSCA and oversees the financial services sector.
Ombud for Financial Services Providers	Handles complaints by clients against FSPs in an economical, procedurally fair, INFORMAL and expeditious manner. They offer a free service for complaints resolutions.
Financial Services Provider (FSP)	Any person (natural or legal/juristic person) who as a regular feature of their business they render a financial service. This means all companies and individuals who are licensed to render financial services by the FSCA are FSPs.
Product Supplier	The issuer of financial products. Most FSPs are also product suppliers but not all FSPs are product suppliers. For example, an insurance broker is an FSP but may be issuing products supplier by an insurer.
Client	Refers to three things: <ul style="list-style-type: none"> - the person to whom a financial service was rendered - a successor in title on any financial product - a beneficially BUT excludes the general public.
Key individual	The natural person who manages and oversees the rendering of financial services by the FSP. In the event of non-compliance, this is the person that the FSCA will hold accountable.
Compliance Officer	Monitors, supervises and reports on compliance matters in the FSP. A compliance officer must report all actual or suspected irregularities They are also the liaison person between the FSP and the FSCA.

Auditor	<ul style="list-style-type: none">- They do audits on FSPs and must be approved by the FSCA in as much as they must be registered in terms of the Auditing Profession Act.- They also report suspected or actual irregularities that they come across while doing their audits.
Representatives	<ul style="list-style-type: none">- Any person that acts on behalf of an FSP in rendering financial services.- EXCEPT clerks, technical persons, legal and administration personnel who do not exercise judgement or who do not lead clients to any transactions.

NOTE: The detailed roles and requirements are not part of the COB but will be covered in detail under RE exams.

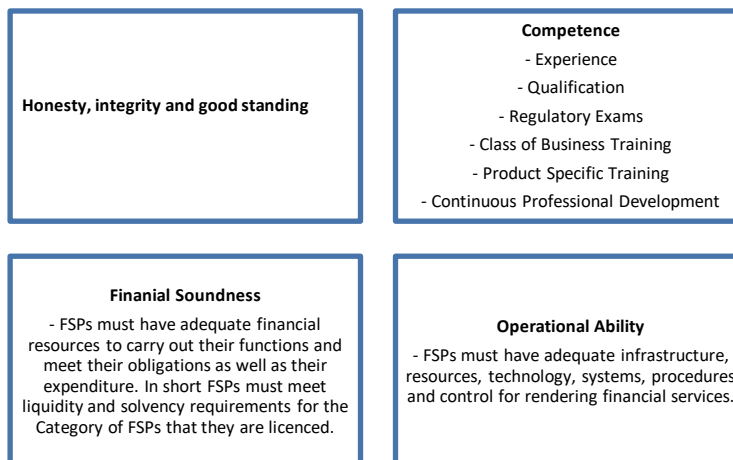
LICENSING AND CATEGORIES OF FSPs

- FSPs must be registered and no person who is not registered is allowed to offer financial services

FSPs are licensed under five subcategories listed in the table below:

Category	Description
<i>FSP I</i>	Not ii, iiA, iii or iv. Most FSPs are in this category. Most insurance, pensions and investments fall under this category. Examples: Life insurer, short term insurers, pension fund organizations and unit trusts.
<i>FSP II</i>	These are discretionary FSPs that exercise their own judgement without bulking in their financial services. Example: Investment Managers like Coronation or Allan Gray. Pension funds can also be FSP IIs.
<i>FSP IIA</i>	Hedge Funds which are highly volatile and high-risk investments where the market value of the assets may be way less than the losses on the fund or vice versa. Example: Hedge Funds
<i>FSP III</i>	Administrative FSPs who do use bulking. They execute instructions from clients without using their own discretion on where to invest clients' funds. Example: Linked Investment Service Providers. Most life insurers are linked investment service providers.
<i>FSP IV</i>	Administration OF assistance policies. they may administration including enrolling members, collecting premiums or processing claims in relation to funeral policies ONLY.

- Representatives/advisers need to be licenced by FSPs and no person can render financial services unless they can prove that:
 - o An FSP has licenced them
 - o The licencing FSP accepts responsibility for the advice rendered by the representative and
 - o An employment or mandatory contract must be in place
- FSPs, representatives, key individuals and compliance officers must comply with fit and proper requirements.
- These fit and proper requirements are namely:



GENERAL CODE OF CONDUCT(GCOC)

In terms of the GCOC, the following requirements must be observed:

General and specific duties of the provider (FSP)

- FSPs and representatives must act honestly, honourably with due skill, care and diligence in the interests of liens and the integrity of the financial services sector.

Custody of products and funds

- Receipts of funds or products that belong to clients must be acknowledged in writing promptly
- Clients funds must be a separate bank account
- Clients funds or products to be dealt with according the client's instruction and
- Clients must have ready access to their products.

Conflicts of interest

- FSPs must avoid or mitigate conflict of interest and treat clients fairly in situations where there is conflict of interest.
- All FSPs must have a conflict of interest management policy which contains systems, procedures and controls on how to manage conflict of interest in the FSP.

Furnishing of advice/suitability of advice Record of advice

- In giving advice FSPs and representatives must collect information from clients. This information is namely:
 - o Financial situation
 - o Financial products experience
 - o Financial objectives
- Based on the above, then they can give advice after analysing the information and creating a risk profile of the client.
- If a financial service is taken up, then a record of advice must be kept for a period of five years.

Insurance

Two types of insurance are needed for FSPs; fidelity guarantee insurance and professional indemnity or suitable guarantees. The amount vary according to the different categories of FSPs.

Advertising

- Adverts must not contain false, misleading or information against public policy.
Termination of business
- Client can. Terminate products anytime and FSPs must allow clients to terminate anytime;
- If a representative ceases to be employed, the FSP must notify clients and assist clients in the transition and
- Where the FSP ceases to be in business, they must inform clients and assist client with unconcluded business or with moving the clients to another FSP.

Waiver of rights

- It is not permissible for clients to waive any of their rights under the FAIS Act and any such waiver will be null and void at law.

Record keeping

All records relating to termination or provision of financial services must be kept by the FSP for a minimum period of five (5) years.

FAIS Act Penalties

Failure to submit a return, information or document requested by the Commissioner	Not more than R1 000 per day of failure to do so. (Plus, interest and interest on interest)
Failure to comply with the provisions of FAIS Act Regulations	Fine Not exceeding R500 000 OR Imprisonment not exceeding 5 Years OR Both
Failure to comply with the FAIS Act	Fine Not exceeding R10 000 000 OR Imprisonment not exceeding 10 Years OR Both

Ombud for Financial Services Penalties

Contempt of the office of Ombud	Similar to a penalty that would be imposed by a court for contempt of court
Willfully influencing Ombud determination or Interrupt proceedings at the Ombud	Fine or Imprisonment not exceeding One (1) Year

INDUSTRY BODIES & ASSOCIATIONS IN THE PENSION FUNDS SECTOR

These bodies and associations are:

- The Institute of Retirement Funds (IRF)
- ASSOCIATION FOR SAVINGS & INVESTMENT SA

THE IRF

The Institute of Retirement Funds Africa (IRFA) is a non-political body which represents and promotes the interests of the retirement industry in Africa, to the ultimate benefit of the members of retirement funds. The most important function of the IRFA is:

- to represent the retirement industry in negotiations with government authorities and the Financial Sector Conduct Authority (FSCA) and
- commenting on legislation and tax matters affecting retirement funds/pensioners etc. The IRFA therefore depends on total support from all parties concerned with the retirement benefit provision industry.

The IRFA has a wider membership base which includes all the disciplines associated with retirement benefits, including those administrators, actuaries, consultants, brokers and insurers insofar as their administration of retirement funds are concerned.

The IRFA has been actively involved in setting out the key principles of retirement provision for all South Africans and these principles relate to:

- the need for all segments of South Africa's population to be addressed by any retirement provision objective and policy;
- the importance of private sector participation in the process of retirement provision;
- Continuation of tax incentives to encourage saving for retirement;
- A need for solid funding and financing system to ensure stability and certainty for the future ;
- Transparency and member involvement in retirement provision;
- Encouraging preservation of funds until retirement and
- The need for provisions to make retirement income inflation linked.

To achieve their objectives, the IRF uses the following committees:

- a. Executive committee;
- b. Legal and technical committee;
- c. Conference/seminars committee;
- d. Education committee and
- e. The communications committee.

These committees meet on a regular basis to find new and innovative ways of overcoming problems in the industry, to promote communication and to provide ongoing education and training and advice on legal and technical matters (IRF, 2019).

ASSOCIATION FOR SAVINGS AND INVESTMENT SOUTH AFRICA (ASISA)

ASISA was formed in 2008 by four industry associations. These were the Association of Collective Investments (ACI), the Investment Management Association of South Africa (IMASA), the Linked Investment Service Providers Association (LISPA) and the Life Offices' Association (LOA). All four associations were dissolved and one association (ASISA) formed. It aims to:

- Actively promote a transformed, vibrant, and globally competitive financial sector that reflects the South African demographics
- Develop and actively participate in education, transformation and social development projects
- Continue to build a strong national economy by encouraging and incentivizing South Africans to save
- Promote transparency and disclosure
- Create an environment enabling of more holistic regulation
- To always have a consumer focus
- Endeavour to ensure ethical and equitable behaviour by members by applying a code of ethics and standards
- Help create a simple and efficient regulatory framework that promotes savings and investment
- Engage with Government to ensure the creation of level playing fields for all members while at the same time promoting healthy competition
- Collectively engage with Government on policy issues and actively partner with Government on promoting South Africa as a financial centre

To achieve the aims above, ASISA uses various codes, standards and guidelines for members.



They have a long list of detailed codes, standards and guidelines, which members should utilize in their businesses. Though these are on a voluntary basis, members are encouraged to do their best to comply with these standards. Adherence to these standards should assist in the achievement of the objectives of the association and hence ensure a sound and sustainable sector (ASISA, 2017)

FINANCIAL PLANNING INSTITUTE (FPI)

It seeks to advance and promote the pre-eminence and status of financial planning professionals, while at all times acting in the interests of the society whom the profession serves, by:

- Improving the quality and accessibility of professional financial planning for all in Southern Africa
- Acting as advocate for professional financial planning, building a recognition of the importance and need for such planning by the public
- Providing a framework within which members can achieve qualifications and maintain competence to create greater value for their clients, practices and employers
- Ensuring that members maintain the highest ethical standards in the pursuance of their profession
- Providing a leadership role within financial services by providing balanced, credible input and commentary to government and the public
- Facilitating transformation within the profession (FPI, 2017)

INSURANCE INSTITUTE OF SOUTH AFRICA

It was formed for promotion and advancement of knowledge and skills, the maintenance of ethical and professional standards and the general development and progress of its members and of persons in the insurance industry.

The purpose of the IISA is to:

- To provide a central organisation to promote efficiency, progress, welfare, knowledge and general development among people in the insurance industry
- To promote and assist the study of insurance
- To exercise control and supervision over the professional standards of members
- To improve the professional status of qualified practitioners and to promote the interests, welfare and advancement of members in general (IISA, 2017)

INDUSTRY STANDARDS

All ASISA members need to comply with the following ASISA standards:

- Standard on Complaints Resolution
- Statistics Standard
- Standard on Unclaimed Assets - Approved 23 October 2018
- Standard: Calculation of Total Expense Ratios and Transaction Costs - updated 28 May 2019
- Standard: Retirement Savings Cost (RSC) Disclosure – Effective 1 March 2019
- Retirement Fund Standard: Effective Annual Cost (EAC) for Individual Fund Members - effective 1 Oct 2020
- Retail Standard: Effective Annual Cost (EAC) - 28 May 2019
- Addendum to the Retail EAC Standard for Universal Life Products – Effective 1 October 2018 and 2019 respectively
- Retail EAC Standard Q and A
- Tax Free Savings Account Transfer Request Form - 1 Mar 2018
- Transfer of Tax Free Savings Account Certificate - 1 Mar 2018

Collective Investment Scheme Industry Must Comply With ASISA:

- CIS in Hedge Funds Investment Management fee Standard - Effective 1 March 2019
- Standard NAV Calculation for CIS Portfolios - November 2015
- Fund Classification Standard - Effective 30 October 2018
- Guideline on the Completion of the Fund Classification Application - Effective 7 March 2017
- Fund Classification Application - Effective 23 May 2017
- Standard on CIS Performance Fees - Effective 1 January 2017

Investment Management Industry: Global Investment Performance Standards (GIPS)

- The Global Investment Performance Standards are ethical standards developed to guide investment management companies worldwide when calculating and presenting historical investment performance to prospective clients.
- The GIPS standards promote full disclosure and fair representation of investment performance results, providing prospective investors around the world with the transparency they need to compare and evaluate investment managers.
- The standards have been adopted in 31 countries, including South Africa, and are recognized around the world for their unparalleled credibility and integrity. The GIPS standards are promoted within each of these countries by a country sponsor.
- ASISA was appointed as country sponsor of GIPS in South Africa in September 2008.

As the GIPS country sponsor for South Africa, it is ASISA's duty to:

- Locally promote the GIPS standards.
- Provide local market support and input for the GIPS standards.
- Represent country-specific concerns to the GIPS Executive Committee.
- For more information, please visit: www.gipsstandards.org
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NOTE: The ASISA Performance Fee Standard for Retirement Funds was effective from 1 March 2019.

For more details on these standards, visit the ASISA website.