



FSCA COMMUNICATION 9 OF 2020 (GENERAL) - Supervision

24 March 2020

IMPACT OF COVID-19 ON COMPLIANCE WITH VARIOUS REGULATORY REQUIREMENTS

1. BACKGROUND

- 1.1 The Financial Sector Conduct Authority (the Authority) acknowledges the impact of the COVID-19 on South Africa in general and the financial services industry specifically. The Authority is aware of the challenges the regulated entities might face in complying with various regulatory requirements.
- 1.2 As a result, the Authority hereby communicates various arrangements in respect of submission of statutory returns and fit and proper related deadlines.
- 1.3 Please note that the Authority is concerned with the current situation and open to specific challenges facing the industry, as such the Authority will do its best to accommodate anyone that is experiencing problems in complying with specific regulatory requirements because of the impact of COVID-19.

2. SUBMISSION OF STATUTORY RETURNS

2.1 Financial statements in respect of the FAIS Act

- 2.1.1 The Authority will extend the period for submission of certain financial statements by 4 months, irrespective of any extensions that may already have been granted to individual FSPs.
- 2.1.2 This extension will not apply to FSPs that are registered Banks as defined in section 1 of the Banks Act, registered insurers as defined in section 1 of the Insurance Act, or authorised users as defined in section 1 of the Financial Markets Act.

2.1.3 The extended submission dates that will be provided for are set out in column 3 of the table below:

| FSP Financial Year-end | Submission date as per section 19(2)(b)(iii) of the FAIS Act | Extended submission date |
|-------------------------------|---|---------------------------------|
| 30 November 2019 | 31 March 2020 | 31 July 2020 |
| 31 December 2019 | 30 April 2020 | 31 August 2020 |
| 31 January 2020 | 30 May 2020 | 30 September 2020 |
| 28(29) February 2020 | 30 June 2020 | 31 October 2020 |
| 31 March 2020 | 31 July 2020 | 30 November 2020 |
| 30 April 2020 | 31 August 2020 | 31 December 2020 |
| 31 May 2020 | 30 September 2020 | 31 January 2021 |
| 30 June 2020 | 31 October 2020 | 28 February 2021 |

2.2 Submission of statutory returns in respect of CISCA

Financial statements

2.2.1 The Authority will extend the period for submission of financial statements, in respect of Collective Investment Scheme (CIS) Managers and every portfolio of the collective investment scheme that are administered by the CIS managers, by 3 months. This extension will exclude all listed portfolios.

2.2.2 The extended submission dates that will be provided for are set out in column 3 of the table below:

| Financial Year-end | Submission date | Extended submission date |
|---------------------------|------------------------|---------------------------------|
| 31 December 2019 | 31 March 2020 | 30 June 2020 |
| 31 January 2020 | 30 April 2020 | 31 July 2020 |
| 28(29) February 2020 | 31 May 2020 | 31 August 2020 |
| 31 March 2020 | 30 June 2020 | 30 September 2020 |
| 30 April 2020 | 31 July 2020 | 30 October 2020 |
| 31 May 2020 | 30 August 2020 | 30 November 2020 |
| 30 June 2020 | 30 September 2020 | 31 December 2020 |

2.2.3 The table above applies to all CIS Managers that are required to submit their annual financial statements between 1 March 2020 and 30 September 2020, regardless of whether an extension was already applied for and granted.

Capital adequacy requirements

- 2.2.4 The normal submission requirements for these reports will apply. Where a CIS Manager experiences any difficulties in submitting the report it must contact the Authority.

Mark-to-market reports

- 2.2.5 The normal submission requirements for these reports will apply. Where a CIS Manager experiences any difficulties in submitting the report it must contact the Authority.

Risk reports

- 2.2.6 The normal submission requirements for these reports will apply. Where a CIS Manager experiences any difficulties in submitting the report it must contact the Authority.

Portfolio Holding Quarterly reports (List of assets)

- 2.2.7 The normal submission requirements for these reports will apply. Where a CIS Manager experiences any difficulties in submitting the report it must contact the Authority.

2.3 Conduct of Business Returns for Insurers

The submission of the Conduct of Business Returns due by 30 April 2020 will be extended by 1 month and will now be due by 31 May 2020.

2.4 Annual Returns (Annexures C and D) required to be submitted in terms of the Pension Funds Act, read with Board Notice 24 of 2002, by section 13B (PFA) administrators

The submission of the annual returns for the section 13 B Administrators will be extended with an additional 3 months as follows:

- Annual returns due on 31 March 2020 must now be submitted by 30 June 2020;
- Annual returns due on 30 April 2020 must now be submitted by 31 July 2020, and
- Annual returns due on 31 May 2020 must now be submitted on 31 August 2020.

2.5 Annual Returns to be submitted by pension funds in terms of Section 15 of the PFA, read with Board Notice 77 of 2014

The Authority will extend the period for submission of financial statements by pension funds by 3 months. The extended submission dates that will be provided for are set out in column 3 of the table below:

| Financial Year-end | Submission date | Extended submission date |
|---------------------------|------------------------|---------------------------------|
| 30 September 2019 | 31 March 2020 | 30 June 2020 |
| 31 October 2019 | 30 April 2020 | 31 July 2020 |
| 30 November 2019 | 31 May 2020 | 31 August 2020 |
| 31 December 2019 | 30 June 2020 | 30 September 2020 |
| 31 January 2020 | 31 July 2020 | 31 October 2020 |
| 29 February 2020 | 31 August 2020 | 30 November 2020 |
| 31 March 2020 | 30 September 2020 | 31 December 2020 |

2.6 Valuation reports to be submitted by pension funds in terms of Section 16 of the PFA

The Authority will extend the period for submission of valuation reports by pension funds by 3 months, in line with the extension for financial statements. Valuation reports must be submitted within 6 months from the extended submission date of the financial statements.

2.7 Annual Returns to be submitted by Friendly Societies in terms of section 22 of the Friendly Societies Act (FSA), read with Regulation 11 of the FSA

The Authority will extend the submission of financial statements, reports and statistics to be furnished by all registered friendly societies with a period of 3 months. The submission date will therefore be 30 September 2020.

3. FIT AND PROPER REQUIREMENTS IN TERMS OF THE FAIS ACT

3.1 Regulatory Examinations

3.1.1 All Regulatory Examinations with a deadline for 2020 will be extended to a deadline of 15 December 2020.

3.1.2 Due to the President's announcement on 23 March 2020, declaring a nationwide lockdown from midnight 26 March 2020 to midnight 16 April 2020, Regulatory Examinations will be suspended for the time being (the Announcement). The situation will be monitored and further clarity will be communicated in due course regarding Regulatory Examinations post-16 April 2020. In light of the Announcement, all exams that have already been scheduled to take place between 26 March 2020 and 16 April 2020 will have to be postponed (see paragraph 3.1.4 below).

3.1.3 The FSCA is also currently in discussions with Moonstone to consider the extent to which it is feasible to roll out an online format for Regulatory Examinations. Further information in this regard will be communicated in due course, where relevant.

3.1.4 *Postponement of examinations:* Candidates may postpone their examinations. Postponements will not attract any penalties or additional fees. Please contact Moonstone directly in this respect:

- Registration call centre: (021) 883 8000 / 888 9796 (weekdays between 08h00 and 16h00);
- E-mail: faisexam@moonstoneinfo.co.za

3.1.5 *Cancellation of examinations*

Where Moonstone cancels an examination session, candidates will be informed timeously and given an opportunity to reschedule another session at no additional costs. Where a candidate cancels his/her examination booking, then the usual cancellation policy and penalties will apply. View the cancellation policy [here](#).

3.2 Class of Business Training, Product Specific Training and Qualifications

Class of Business (COB) Training

3.2.1 COB deadlines that were due for completion in 2020 will be extended to a deadline of 15 December 2020.

3.2.2 FSPs will have to extend the supervision period for such affected representatives.

Product Specific Training

3.2.3 As there are no deadlines linked to product specific training, no extensions are necessary. However, please note that representatives may not render financial services if they have not received training on the products they render financial services against.

Qualifications

3.2.4 All qualification deadlines that were due for completion during 2020 will be extended to a deadline of 15 December 2020. This date will be subject to review.

3.2 Continuous Professional Development (CPD)

The 2019/2020 CPD cycle:

3.3.1 Due to the cancellation of many CPD activities in March and April, FSPs, key individuals and representatives are granted an additional 3 months (until 31 August 2020) to meet the CPD requirements for this cycle.

The 2020/21 CPD Cycle:

3.3.2 The CPD requirements for this cycle will start on 1 September 2020 and ends on 31 May 2021. The CPD hours for this cycle will be calculated on a pro-rata basis, i.e. calculated for 9 months instead of 12 months, and will be reduced pro rata with 3 months.

Alternative methods to obtain CPD:

3.3.3 The FSCA supports any individual efforts to achieve CPD hours in alternative methods to face-to-face events, which include webinars and on-line activities. Where possible, persons are encouraged to continue to participate in CPD events and activities.

4. CONTACT

For more information regarding this Communication please send an e-mail to:

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