



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

COMMENCEMENT DATE FOR THE FINANCIAL SERVICES LAWS GENERAL AMENDMENT ACT, 2013 (ACT NO. 45 OF 2013)

The Minister of Finance, has approved the 28th of February 2014 as the commencement date for the Financial Services Laws General Amendment Act, 2013 (“the Act”) in terms of section 266(1) of the Act.

The Act was passed by Parliament on 12 November 2013, assented to by the President on 14 January 2014, and published in *Gazette* No. 37237 of 16 January 2014.

The Act aims to ensure that even during the transition to the “Twin Peaks” system, South Africa has a sounder and better regulated financial services industry which promotes financial stability by strengthening the financial sector regulatory framework and enhancing the supervisory powers of the regulators.

The thirteen financial sector laws amended in the Act include the Financial Services Board Act, 1990; the Inspection of Financial Institutions Act, 1998; Financial Institutions (Protection of Funds) Act, 2001; the Short-term and Long-term Insurance Acts, 1998; the Pension Funds Act, 1956; Collective Investment Schemes Control Act, 2002; Co-operative Banks Act, 2007; Financial Services Laws General Amendment Act, 2008; Financial Markets Act, 2012; Credit Rating Services Act, 2012; the Financial Advisory and Intermediary Services Act, 2002 and the South African Reserve Bank Act, 1989. The Act also amends the Medical Schemes Act, 1998.

Most provisions in the Act will commence on 28 February 2014. The Minister, however, can determine different dates of commencement for certain provisions of the Act in terms of its section 266(2). The following sections of the Act will, therefore, be implemented on different dates:

Amendments to the Pension Funds Act, 1956 (Act No. 24 of 1956) (“the PFA”)

- Section 5 of the Act amends section 4 of the PFA, by clarifying that every pension fund must, prior to commencing any pension fund business, apply to the Registrar for registration under that Act, and should be provisionally or finally registered under that Act. This section will come into operation on 30 May 2014 to grandfather existing applications.
- Section 31 of the Act amends section 31 of the PFA, which enables the Registrar to prescribe criteria for financial soundness. The section will come into operation on 29 August 2014, to enable the drafting and finalisation of the criteria.

Amendments to the Financial Services Board Act, 1990 (Act No. 97 of 1990) (“the FSB Act”)

- Section 61 of the Act inserts a new section 18 into the FSB Act, which empowers the Minister to prescribe a code of norms and standards for consultation for the FSB and Registrars.
- This section will come into operation on a date to be determined in a subsequent Government Notice in the *Gazette*, to enable the drafting and finalisation of the code.

Amendments to the Long-Term Insurance Act, 1998 (Act No. 52 of 1998) (“the LTIA”)

- Section 95 of the Act amends section 49 of the LTIA, which deals with the limitation of intermediary remuneration. Section 95 of the Act will come into operation on a date to be determined in a subsequent Government Notice to be published in the *Gazette*.

Amendments to the Short-Term Insurance Act, 1998 (Act No. 53 of 1998) (“the STIA”)

- Section 109 of the Act effects amendments to certain definitions in section 1 of the STIA.
- Section 114(d) amends section 8 of the STIA, through the deletion of subsection 5, which prohibited the charging by an intermediary for, *inter alia*, any fee which is payable by the policyholder.
- Section 135 of the Act substitutes section 48 of the STIA, to provide for limitations on remuneration.
- The amendments to these sections will come into operation on a date to be determined in a subsequent Government Notice to be published in the *Gazette*, to allow for necessary regulations to be finalised.

Amendments to the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002) (“the FAIS Act”)

- Section 186(d) effects amendments to section 12 of the FAIS Act, by removing the requirement that the Registrar must consult with the Advisory Committee prior to debaring representatives of an authorised financial service provider.
- Section 186(d) will come into operation on 30 May 2014, to allow the Financial Services Board to prepare for the implementation of the provision.

Amendments to the Medical Schemes Act, 1998 (Act No. 131 of 1998) (“the MSA”)

- In terms of section 264 and the Schedule to the Act, the definition of “business of a medical scheme” in section 1 of the MSA is amended, to clarify the definition.
- This amendment will come into operation on a date to be determined in a subsequent Government Notice to be published in the *Gazette*, to allow for Demarcation Regulations to be finalised. It is envisaged that the revised second draft Demarcation Regulations will be released for a further 60 day period of public comment by end March 2014. The final Regulations are then expected to be published in the 3rd quarter of 2014.

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