



Financial Sector
Conduct Authority

Standing Committee On Finance : Induction

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WHO WE WERE THEN AND WHO WE ARE NOW

Financial Services Board (FSB) v Financial Sector Conduct Authority (FSCA)

1. Key differences: FSB v FSCA

	FSB	FSCA
Jurisdiction	Non-banking financial sector	All financial institutions
Focus	Combined prudential and market conduct regulator	Dedicated market conduct regulator <ul style="list-style-type: none">• Supervise how entities interact with and treat their clients
Founding legislation	Financial Services Board Act	Financial Sector Regulation Act
Legislation overseen	A range of sector-specific laws	Existing sector-specific laws to be replaced by an overarching, cross-cutting Conduct of Financial Institutions Act <ul style="list-style-type: none">• Pre-CoFI: Conduct standards may be made for FIs not yet licensed

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	FSB	FSCA
Governance structure	Overseen by a Board appointed by the Minister of Finance with governance sub-committees	Overseen by Executive Committee comprising the FSCA Commissioner and Deputy Commissioners appointed by Minister of Finance, with governance sub-committees appointed by National Treasury
Regulatory decision-makers	Executive Officer and (through delegation) Deputy Executive Officers, appointed by the Minister of Finance	Commissioner is accountable for day-to-day management of the FSCA and for performing its functions, other than certain key functions (including standard setting and licensing) to be performed by EXCO as collective

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	FSB	FSCA
Organisation design	<ul style="list-style-type: none">• Sector-specific divisions focused on sector-specific laws• Entity driven	Largely functional/activity design, with cross-cutting licensing, enforcement and conduct of business supervision groups. Strengthened research and technical analysis capacity
Licensing	Multiple sector laws, complex licensing framework	Two-step process: <ul style="list-style-type: none">• Pre-CoFI: Still use financial sector laws, but some licensing functions move to PA (MoUs required)• Post-CoFI: New activity based licensing framework, licence mapping required

WHY WE WERE ESTABLISHED

FSCA Objectives

2. **FSCA Objectives**

The Financial Sector Regulation Act, 2017 (FSR Act), established the Financial Sector Conduct Authority (FSCA) and conferred upon it objectives to:

- enhance the efficiency and integrity of financial markets
- promote fair customer treatment by financial institutions
- provide financial education and promote financial literacy
- assist in maintaining financial stability

WHAT ARE OUR PRIORITIES AND HOW WE ARE GOING TO ACHIEVE THEM

FSCA Regulatory Strategy

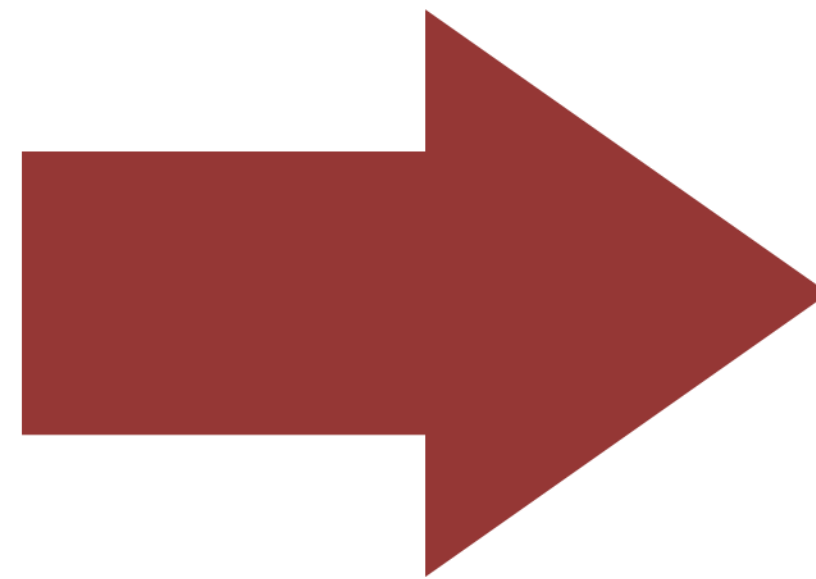


3. FSCA Strategy

- FSCA was established 1 April 2018
- Strategy focuses on the first three years
- Six priority areas:
 - Building a new organisation
 - An inclusive and transformed financial sector
 - A robust regulatory framework that promotes Treating Customers Fairly
 - Informed financial customers
 - Strengthening the efficiency and integrity of our financial markets
 - Understanding new ways of doing business and disruptive technologies

REGULATORY PARADIGM SHIFT

- ❑ Backward-looking
- ❑ Compliance-based
- ❑ “One-size-fits-all”
- ❑ “Silo” approach

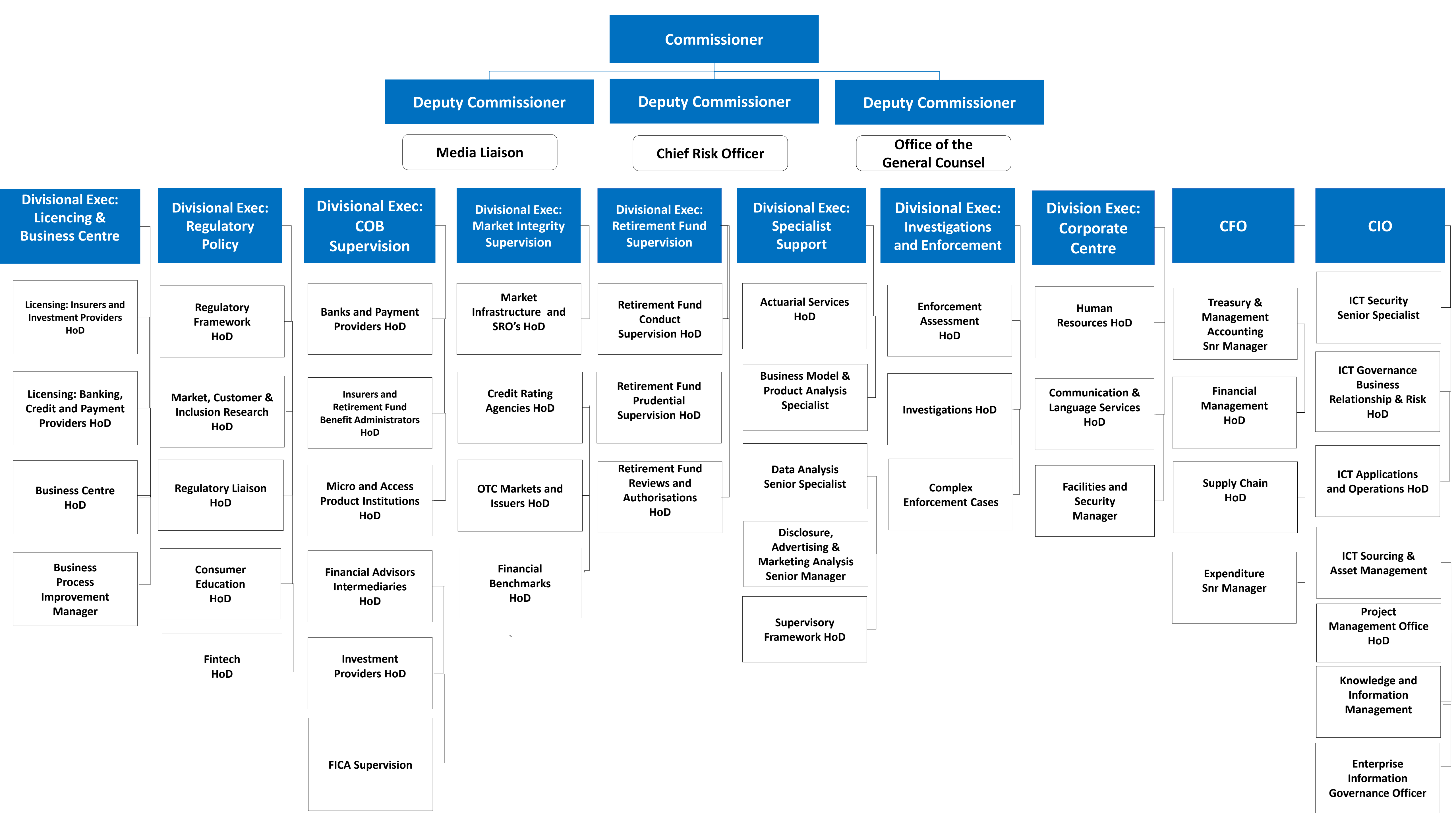


- ❑ Forward-looking
- ❑ Pre-emptive and proactive
- ❑ Outcomes-based
- ❑ Risk-based & proportionate
- ❑ Comprehensive & consistent
- ❑ Intensive and intrusive...

National Treasury, February 2011
“A safer financial sector to serve South Africa better”

WHO DOES WHAT

Organogram



THANK YOU