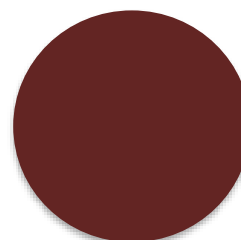


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The Financial Sector Conduct Authority



ANNUAL PERFORMANCE PLAN
2021/22

Table of Contents

EXECUTIVE AUTHORITY STATEMENT	5
ACCOUNTING AUTHORITY STATEMENT	6
OFFICIAL SIGN-OFF	7
PART A: OUR MANDATE	10
1 CONSTITUTIONAL MANDATE	10
2 LEGISLATIVE AND POLICY MANDATES	10
3 INSTITUTIONAL POLICIES AND STRATEGIES OVER THE FIVE-YEAR PLANNING PERIOD	13
4 RELEVANT COURT RULINGS	14
PART B: OUR STRATEGIC FOCUS	15
1 VISION	15
2 MISSION	15
3 VALUES	15
4 SITUATIONAL ANALYSIS	16
4.1 EXTERNAL ENVIRONMENTAL ANALYSIS	16
4.1.1 Economic landscape	16
4.1.2 The supervisory and regulatory framework	17
4.2 INTERNAL ENVIRONMENTAL ANALYSIS	18
4.2.2 Relationship with other local regulators	21
4.2.3 Relationships with international organisations	21
4.2.4 PESTEL and SWOT analysis	22
4.2.5 Risk management framework	23
4.2.6 Organisational environment	27
PART C: MEASURING OUR PERFORMANCE	31
1 INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION	31
1.1 PROGRAMME: ADMINISTRATION	31
1.2 PROGRAMME: LICENSING AND BUSINESS CENTRE	36
1.3 PROGRAMME: REGULATORY POLICY	37
1.4 PROGRAMME: CONDUCT OF BUSINESS SUPERVISION	42
1.5 PROGRAMME: MARKET INTEGRITY SUPERVISION	46
1.6 PROGRAMME: RETIREMENT FUNDS	48

1.7	PROGRAMME: ENFORCEMENT	50
PART D: TECHNICAL INDICATOR DESCRIPTIONS		53
1	PROGRAMME: LICENSING AND BUSINESS CENTRE	59
2	PROGRAMME: CONDUCT OF BUSINESS SUPERVISION	71
3	PROGRAMME: MARKET INTEGRITY SUPERVISION	76
4	PROGRAMME: RETIREMENT FUNDS	79
5	PROGRAMME: ENFORCEMENT	82
PART E: ANNEXURE - MATERIALITY AND SIGNIFICANCE FRAMEWORK 2021/22		86
PART F: ANNEXURE - FSCA BUDGET 2021/2011		95

List of Acronyms

Acronyms	Description
ASISA	Association for Savings and Investment South Africa
BSD	Bank Supervision Department
CIPC	The Companies and Intellectual Property Commission
CISCA	Collective Investment Schemes Control Act
CISNA	Committee of Insurance, Securities and Non-banking Financial Authorities
COFI Act	Conduct of Financial Institutions Act
CRA	Credit Rating Agency
CTC	Cost to Company
DE	Divisional Executive
FAIS	Financial Advisory and Intermediary Services
FIC	Financial Intelligence Centre
FincoNet	International Financial Consumer Protection Organisation
FSB	Financial Services Board
FSC	Financial Sector Code
FSCA	Financial Sector Conduct Authority
FSR Act	Financial Sector Regulation Act, Act 9 of 2017
FSOS	Financial Services Ombud Schemes
FSTC	Financial Sector Transformation Council
GDP	Gross Domestic Product
IAIS	International Association of Insurance Supervisors
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissions
ICT	Information and Communications Technology
IFWG	International FinTech Work Group
JSE	Johannesburg Stock Exchange
MOU	Memorandum of Understanding
NCR	National Credit Regulator
NCA	National Credit Act 34 of 2005
ODP	Over the Counter Derivative Provider
OTC	Over-The-Counter
PA	Prudential Authority
PFA	Pension Fund Adjudicator
SARB	South African Reserve Bank
SADC	South African Development Community
TCF	Treating Customers Fairly

EXECUTIVE AUTHORITY STATEMENT

Between 1991 and 2018 the FSB contributed significantly to ensuring that the financial services industry ranked among the best regulated in the world. This ensured domestic and international confidence and enhanced the inflow of direct foreign investment onto our economy.

South Africa emerged relatively unscathed from the 2007/8 global financial crisis; this reinforced the importance of having a strong financial regulatory environment that is the bulwark against such financial shocks. The twin peaks model for financial regulation was adopted in response to the global financial crisis to further strengthen our financial regulatory environment. The twin peaks model is underpinned by the FSR Act, which established the twin regulators, the FSCA and the PA housed in the SARB. The second phase in the transition to strengthening of financial regulation of our financial sector has already commenced by the publishing of the first draft of the CoFI Bill for comment which closed in April 2019. COFI Bill was published for a 2nd round of public comment on the 29th September 2020, with comment due by 30th October 2020.

The FSCA has completed three years of its existence and has made a good start on its critical roles of ensuring that financial customers are treated fairly, and that the financial sector plays its part in addressing the national imperative of reducing poverty, inequality and underdevelopment. Much needs to be done in our country to accelerate progress, build a more inclusive society which ensures the economic wellbeing of all South Africans.

The role of the FSCA cannot be overstated in ensuring the financial and economic wellbeing of all South Africans. This APP sets out what the FSCA plans to achieve over the next financial year in this regard. I wish the FSCA every success in the implementation of its strategies and will be noting progress towards its goals with much interest.

I hereby endorse the FSCA's Annual Performance Plan and commit to the implementation thereof.

Hon. Minister Tito Mboweni

ACCOUNTING AUTHORITY STATEMENT

On behalf of the Financial Sector Conduct Authority (FSCA), I have pleasure in presenting its Annual Performance Plan (APP) for the period from 1 April 2021 to 31 March 2022.

The (FSCA) was established on 1 April 2018 by the Financial Sector Regulation Act, 9 of 2017 (FSR Act) as one of the peaks of the twin peaks model for regulating the financial sector, the FSCA being the regulator of market conduct and the Prudential Authority the other peak, being the prudential regulator. As required by the FSR Act the FSCA published its regulatory strategy for the three years post establishment on 1 October 2018. The regulatory strategy document set out the roadmap for the establishment of the FSCA, its strategic priorities and intended key outcomes.

The first three years of the FSCA's existence was largely taken up in establishing the business operations of the new regulator. This plan will take effect from the fourth year of the entity's existence. At the time of drafting this plan, the permanent leadership of the FSCA has not yet been appointed. The Annual Performance Plan was prepared under the guidance of the Transitional Management Committee (TMC), which is providing interim leadership while the Commissioner and Deputy Commissioners are being recruited.

The APP builds on the Strategic Plan and provides direction for the implementation of the priorities identified in the latter. The priorities and a list of the intended outcomes are detailed in body of the Strategic Plan and the related outputs in the APP.

The TMC and management endorse this APP for the period April 2021 to March 2022 and commit to its implementation.



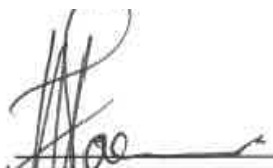
Mr OB Makhubela
Commissioner

OFFICIAL SIGN-OFF

It is hereby certified that this Annual Performance Plan:

- was developed by the management of the FSCA under the guidance of the Honourable Minister of Finance – Tito Mboweni;
- takes into account all the relevant policies, legislation and other mandates for which the FSCA is responsible; and
- accurately reflects the Outcomes and Outputs and Output Indicators and its related targets which the FSCA will endeavour to achieve over the period 2021 – 2022.

Signature: _____



Ms FM Mabaso

DE: Licensing & Business Centre

Signature: _____



Ms KS Dikokwe

DE: Conduct of Business Supervision

Signature: _____



Mr JA Boyd

DE: Market Integrity Supervision

Signature: 

Mr OB Makhubela

DE: Retirement Fund Supervision

Signature: 

Mr BR Topham

DE: Enforcement

Signature: 

Mr JJR Hlailethoa

DE: Corporate Services

Signature: 

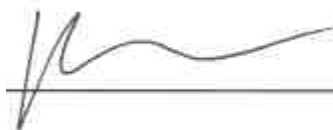
Mr LP Kekana

Chief Financial Officer

Signature: 

Ms P Mogase

Chief Information Officer



Signature: _____

Ms K Gibson

Minister of Finance representative on the TMC



Signature: _____

Ms RP Mpete

Official responsible for Planning



Signature: _____

Mr OB Makhubele

DE: Retirement funds

Approved by:

Signature: _____

Mr Tito Mboweni

PART A: OUR MANDATE

1 Constitutional mandate

As a statutory body performing a public function in the field of market conduct regulation and supervision of the financial sector, the FSCA is independent and impartial, exercises its powers, and performs its duties without fear, favour or prejudice. It is governed by the democratic values and principles enshrined in the Constitution and seek to maintain high standards of professionalism and ethics. The FSCA reports to the Minister of Finance and is accountable to Parliament.

2 Legislative and policy mandates

The FSCA was created by the Financial Sector Regulation Act, Act 9 of 2017 (FSR Act) from which it derives its legislative mandate.

Section 57 of the FSR Act sets the objective of the FSCA as follows -

- enhance and support the efficiency and integrity of the financial system, and
- protect financial customers by -
 - promoting fair treatment of financial customers by financial institutions; and
 - providing financial customers and potential financial customers with financial education programs, and otherwise promoting financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions; and
- assist in maintaining financial stability.

The functions of the FSCA are set out in Section 58 of the FSR Act.

Section 58 (1) In order to achieve its objectives, the FSCA must: -

- a) regulate and supervise, in accordance with the financial sector laws, the conduct of financial institutions;
- b) co-operate with, and assist, the Reserve Bank, the Financial Stability Oversight Committee, the Prudential Authority, the National Credit Regulator, and the Financial Intelligence Centre, as required in terms of this Act;
- c) co-operate with the Council for Medical Schemes in the handling of matters of mutual interest;

- d) promote, to the extent consistent with achieving the objective of the Financial Sector Conduct Authority, sustainable competition in the provision of financial products and financial services, including through co-operating and collaborating with the Competition Commission;
- e) promote financial inclusion;
- f) regularly review the perimeter and scope of financial sector regulation, and take steps to mitigate risks identified to the achievement of its objectives or the effective performance of its functions;
- g) administer the collection of levies and the distribution of amounts received in respect of levies;
- h) conduct and publish research relevant to its objective;
- i) monitor the extent to which the financial system is delivering fair outcomes for financial customers, with a focus on the fairness and appropriateness of financial products and financial services and the extent to which they meet the needs and reasonable expectations of financial customers; and
- j) formulate and implement strategies and programs for financial education for the general public.

Section 58 (4): The FSCA may do anything else reasonably necessary to achieve its objective, including;

- a) co-operating with counterparts in other jurisdictions; and
- b) participating in relevant international regulatory, supervisory, financial stability and standard setting bodies.

Section 58 (5): When performing its functions, the FSCA must –

- a) take into account the National Credit Act and regulatory requirements for financial institutions that are authorised and regulated under that act;
- b) take into account the need for a pre-emptive, outcomes focussed and risk-based approach, and prioritise the use of its resources in accordance with the significance of risks to the achievement of its objective, and
- c) to the extent practicable, have regard to international regulatory and supervisory standards set by bodies referred to in subsection (4) (b), and circumstances prevalent in the Republic.

Section 58 (6): The Financial Sector Conduct Authority must perform its functions without fear, favour or prejudice.

In addition to its specific mandate under the FSR Act, the FSR Act also makes the FSCA responsible for administering the following sectoral financial legislation:

- Collective Investment Schemes Control Act 45 of 2002;
- Credit Rating Services Act 24 of 2012
- Financial Advisory and Intermediary Services Act 37 of 2002 (FAIS Act)
- Financial Markets Act 19 of 2012
- Friendly Societies Act 25 of 1956;
- Pension Funds Act 24 of 1956
- Long-term Insurance Act 52 of 1998 (for matters within the objectives of the FSCA)
- Short-term Insurance Act 53 of 1998 (for matters within the objectives of the FSCA).

The FSCA will continue its on-going responsibilities of supervising financial institutions' compliance with financial sector laws and take appropriate remedial and enforceable action where required to do so.

The second phase of the regulatory architecture for reforming the financial sector is currently underway. The Conduct of Financial Institutions (COFI) Bill was released on 11 December 2018 and period for public comment closed on 1 April 2019. COFI Bill was published for a 2nd round of public comment on the 29th September 2020, with comment due by 30th October 2020 and is expected to be revised and tabled in Parliament in the first quarter of 2021. While the FSR Act defined the roles of the regulators the COFI Bill focuses on the conduct of financial institutions. Once legislated it will have a major impact on the way the FSCA approaches regulation of market conduct in the financial sector.

As a statutory body, the FSCA's policy mandate stems directly from its founding legislation. The published regulatory strategy of the FSCA charts its regulatory and supervisory journey. In this period the FSCA's responsibilities will continue to be to protect financial customers, enhance the efficiency and integrity of financial markets and assist in maintaining financial stability. The FSR Act also requires the FSCA to promote financial inclusion of the financial sector. Noting the extensive Parliamentary and NEDLAC deliberations that highlighted inadequate transformation of the financial sector, the FSCA will also prioritise its role in supporting transformation. The FSCA will ensure that its regulatory and supervisory frameworks will support and strengthen transformation initiatives in the sector and other initiatives aimed at broad based black economic empowerment. Further details are set out in paragraph 8.2.1.

3 Institutional policies and strategies over the five-year planning period

The FSCA aligns itself with government policies for planning, reporting as well as monitoring and evaluation of achievement of targets and planned outcomes.

3.1 Government priorities

The sixth government administration has set itself the following seven priorities;

- i. Economic transformation and job creation
- ii. Education, skills and health
- iii. Consolidating the social wage through reliable and quality basic services
- iv. Spatial integration, human settlement and local government
- v. Social cohesion and safe communities
- vi. Building a capable, ethical and developmental state
- vii. A better Africa and world

In the pursuit of the six priority areas set out in its Regulatory Strategy, the FSCA will seek to contribute generally to the achievement of the government priorities listed above, in particular, priorities i and vi, namely, “Economic transformation and job creation” and “Building a capable, ethical and developmental state”. Further details in this regard are provided in paragraph 8.2.1.

3.2 Five-year NDP plan

The five-year NDP plan requires the below mentioned areas be considered during the design and implementation of development priorities:

- a. Job creation
- b. Youth employment
- c. Gender equality
- d. Innovation through technology
- e. Transformation

3.3 Environmental sustainability

The NDP provides an integrated approach for business, government and civil society to address the critical issues of income inequality, poverty and unemployment in South Africa.

The FSCA will contribute to the above priorities through:

- The use of regulatory and supervisory measures to promote more 'value for money' financial products and services and reduce the abuse of savings and investments by unscrupulous providers of financial products and services.
- Aiding government in designing and implementing measures to broaden social security for all, particularly in relation to retirement reform and roles that can and should be played by persons and entities subject to supervision by the FSCA, including retirement funds, friendly societies, insurers and banks.
- Supporting the design and implementation of cost-effective measures (including financial products and distribution channels) to promote savings, investments and risk reduction and thereby increase asset ownership and equitable wealth accumulation.
- Supporting measures to promote 'active ownership' and sustainable and responsible investments by retirement funds for the benefit of their members, society, environment and other stakeholders.
- Providing support to small businesses through better coordination of relevant agencies, development finance institutions, and public and private incubators.
- Ensuring regulatory frameworks and supervision is proportionate to bring down costs and improve access for small and medium sized business
- Developing an appropriate regulatory framework to support innovation in the system consistent with the growth strategy.
- Promoting access to employment, financial inclusion and financial education.

4 Relevant court rulings

There were no court rulings that impact on the operations of the FSCA.

PART B: OUR STRATEGIC FOCUS

1 Vision

The FSCA vision is to ensure an efficient financial sector where customers are informed and treated fairly.

2 Mission

The FSCA's mission is to ensure a fair and stable financial sector, where customers are informed and protected, and where those that jeopardise the financial well-being of consumers are held accountable.

3 Values

At the FSCA we will always act professionally in all that we say and do. Our values in this regard are the following:

- **Agility:** We perform our functions promptly and smartly.
- **Camaraderie:** Our culture encourages a spirit of friendship, loyalty and mutual trust.
- **Diligence:** We perform our functions with care, thoroughly and professionally.
- **Fairness:** We engage our stakeholders responsibly and embrace a culture of fairness and transparency.
- **Integrity:** We are honest and open in all our professional and business relationships.
- **Perseverance:** We do not give up and will put in the required effort to get a job done properly.

4 Situational analysis

4.1 External environmental analysis

4.1.1 Economic landscape

Currently there is concern in the South African economy and its growth prospects for 2021 due to, amongst other reasons, the outbreak of the Covid-19 global pandemic. According to National Treasury, SA is currently likely facing its worst recession since the great depression.

According to the latest statement (21 May 2020) released by the Monetary Policy Committee of the SARB, the Covid-19 pandemic continues to spread globally, with wide-ranging and deep social and economic effects and due to having major health, social and economic impacts it presents challenges in forecasting domestic economic activity and the compilation of accurate statistics remain severely challenged.

However, the current forecasts from the International Monetary Fund (IMF) show global gross domestic product (GDP) decreasing by about 3.0% this year. Economic contractions are expected to be deepest in the second quarter of 2020, with gradual recoveries in the third and fourth quarters of the year. The strength of the global economic recovery will depend in part on how quickly countries, including South Africa, are able to fully open up for safe economic activity.

The World Health Organisation advises that further complications from the virus are being identified and the pandemic is unlikely to end quickly, with the virus coming in waves over time. The easing of lockdown will support growth in the near term, however due to the expected further complications from the virus, even as the lockdown is relaxed in the coming months, for the year as a whole, growth rates are expected to decline and as expected, getting South Africa back to pre-pandemic activity will take time.

The crisis has caused extreme volatility in financial asset prices and the general environment reflects pronounced levels of risk aversion, in particular for emerging market currencies, equities and bonds. Uncertainty about future global economic prospects, trade relationships and supply chains has increased again.

The World Bank has published its latest Global Economic Prospect report for June 2020, painting a bleak picture for global growth amid the Covid-19 pandemic. The bank's baseline forecast for global growth shows a 5.2% contraction in global GDP in 2020, using market exchange rate

weights – the deepest global recession in decades, despite extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support.

In South Africa, activity is expected to contract by 7.1% this year – the deepest contraction in a century and 8% weaker than previously forecasted – as stringent but necessary domestic containment measures, including the extension of the national lockdown, have severely disrupted activity.

Growth is expected to rebound in 2021, helped in part by the government's announced 10% of GDP fiscal stimulus package to soften the impact of the pandemic and help set the stage for robust recovery. The recovery could gain further traction, as a result of planned structural reforms being implemented, however, prospects for faster growth over the medium term are likely to be constrained.

The World Bank's forecast for SA is lower than the IMF's last projection (April 2020), where it saw the country's 2020 GDP outlook at -5.8%. But, the World Bank warned that even this bleak outlook is subject to great uncertainty.

Even though the SA financial sector remains fairly strong and stable and is characterised by a well-regulated, highly capitalised, liquid and profitable financial sector, supported by a robust regulatory and financial infrastructure, spill over risk to the financial sector is evident and creates a negative trading environment for the FSCA's financial sector client base and increase the regulation risks for the regulator. It may also cause contraction in the sector as smaller financial service providers will struggle to survive the difficult trading conditions and may go out of business. This will negatively impact on the ability of the FSCA to collect levies from the financial sector thus increasing the financial strain on the FSCA to operate optimally. Due to the elections set for next year, there is a possibility that parliamentary processes may not be as usual as a result, regulations that may need to be amended to support the new mandate of the FSCA may not be as forth coming as we would like.

4.1.2 The supervisory and regulatory framework

The legislative mandate of the FSCA makes it the regulator of market conduct for the financial sector. For a transitional period, it will continue to retain responsibility for prudential regulation over retirement funds and collective investment schemes.

The FSCA is required by the FSR Act to follow a risk-based approach to supervision, which promotes early identification and on-going management of sector-wide and institution-specific risks and enables the FSCA to focus its supervisory attention on matters posing the highest risks to the achievement of its regulatory objectives.

4.2 Internal environmental analysis

The FSR Act established the Financial Sector Conduct Authority (FSCA) on 1 April 2018 as the supervisor of market conduct in the financial sector. In establishing the new regulator with a new mandate, the FSR Act required the FSCA to adopt and publish its regulatory strategy within six months from the date of its establishment, which was by 1 October 2018. This requirement was met. The regulatory strategy sets out the roadmap for the establishment of the FSCA, the priority areas for the regulatory strategy and intended outcomes.

Six strategic priorities were identified in regulatory strategy document:

- Building a new organisation;
- An inclusive and transformed financial sector;
- A robust regulatory framework that promotes fair customer treatment;
- Informed financial customers;
- Strengthening the efficiency and integrity of our financial markets; and
- Understanding new ways of doing business.

4.2.1.1 Building a new organisation

As a newly established regulatory authority the FSCA must ensure that it has the infrastructure, organisational design, skills and resources to support its functions, including the new functions introduced by the FSR Act.

The following objectives were envisaged for this priority:

- Promote fair customer treatment by financial institutions and take visible, meaningful action against those that jeopardise their financial wellbeing or the integrity or efficiency of the financial markets
- Respected by all stakeholders as a competent, effective and accountable regulator that engages with them openly and transparently and without fear, favour or prejudice

- Proactive in identifying conduct risks across the financial sector and taking evidence-based actions to respond to those risks
- Respected as a global leader in market conduct regulation and supervision
- A modern organisation that draws on international best practice and leverages technology to respond flexibly, proactively and pragmatically to new risks and opportunities

4.2.1.2 An inclusive and transformed financial sector

The FSCA must develop and give effect to its inclusion and transformation strategies that supports transformed financial institutions and optimises the role that the sector plays in supporting financial inclusion, economic growth and development.

Intended key objectives:

- Formalised relationship with FSTC
- Licensing conditions and other provisions in the COFI Act that cater for transformation commitments aligned to supporting the FSC;
- The FSCA monitors progress against transformation plans and assist with driving achievement of commitments to FSC targets, including through consequences for failure to demonstrate progress against these commitments;
- Proportionality and progression built into supervisory and regulatory frameworks;
- FinTech Department suitably resourced and actively engaged with FinTech start-ups and incumbents using FinTech;
- Inclusion Research unit suitably resourced and engaged to ensure regulatory and supervisory frameworks cater for transformation and inclusion; and
- Training and support initiatives for small financial services businesses held every year.

4.2.1.3 A robust regulatory framework that promotes fair customer treatment

The FSB, predecessor of the FSCA, launched the outcomes-based customer protection initiative, Treating Customers Fairly (TCF) with the publication of the TCF Roadmap in March 2011. The FSCA will build on the FSB's work in driving fair customer treatment and expects financial institutions to continue to implement the TCF outcomes in their dealings with their customers. The FSCA will use the TCF outcomes to design, develop and maintain regulatory and supervisory

frameworks that are aligned with the FSR Act and relevant international standards to ensure that financial institutions will indeed prioritise the TCF outcomes.

The intended key objectives of the strategic priority are:

- Increasingly aligned and harmonised conduct standards under existing sectoral laws
- New conduct standards under the FSR Act for financial institutions and activities not covered by existing sectoral laws
- A holistic TCF-aligned supervisory approach to monitor and enforce delivery of these conduct standards
- On-going implementation of key TCF-aligned regulatory projects, including achieving the outcomes of the RDR
- Readiness for a smooth transition to the overarching licensing and conduct standards framework under the COFI Act.

4.2.1.4 Informed financial customers

The FSCA is required to provide financial customers and potential financial customers with financial education programmes and promote financial literacy and the ability of financial customers and potential financial customers to make sound financial decisions.

The intended key objectives of this strategic priority area are:

- Broader consumer protection
- Integration of financial education with regulatory functions
- Coordinated industry financial education activities
- Improved data on consumer behaviour
- Positive consumer behavioural change.

4.2.1.5 Strengthening the efficiency and integrity of our financial markets

Market integrity is an essential requirement for financial markets. Markets that are reputed to have integrity help ensure that those who trade in them can do so with confidence and that resources are allocated efficiently within the economy.

The key objectives of this strategic priority area are:

- Fair, efficient and transparent markets, with reliable and effective price discovery
- Robust and efficient post-trade systems
- Promote the provision of a diverse and competitive range of products and services to meet investors' needs.

4.2.1.6 Understanding new ways of doing business and disruptive technologies

The FSCA's FinTech strategy will try to create an appropriate balance between innovation and risk management to ensure safe and fair outcomes for customers and support our financial inclusion objectives.

The intended key objectives of this strategic priority are:

- Creation of a FinTech Department to improve ease of doing business by FinTech and to promote inclusion and growth.
- A data driven digital strategy to improve effectiveness of the FSCA and to understand new ways of doing business in the financial sector in order to better protect customers.

4.2.2 Relationship with other local regulators

The FSCA interacts closely with the Prudential Authority, the SARB, the National Credit Regulator, the Financial Intelligence Centre, the Council for Medical Schemes, and other local regulators, in the performance of its regulatory and supervisory duties. MoUs are in place with the different regulators the FSCA interacts with. Cooperation and collaboration with other regulators are requirements of the FSR Act.

The FSCA has significantly strengthened its relationship with the FIC to ensure early detection of money laundering and terror financing that undermines the integrity of the financial sector and South Africa's international status as a strong, robust, stable and growing market. Together with the FIC, the FSCA vigorously pursues initiatives to ensure that tough anti-money laundering and combating of terrorist financing (AML/CFT) enforcement strategies are in place in South Africa.

4.2.3 Relationships with international organisations

The FSCA participates in the activities of international standard setting and other relevant bodies. These include IOSCO, IOPS, FincoNet and the IAIS. Full details of the FSCA's participation in

these bodies are set out in the regulatory strategy. Through this participation, the FSCA not only keeps abreast of international regulatory developments, but also has an opportunity to help shape international standards and ensure that they are appropriate to emerging market circumstances. Participation also allows the FSCA to benchmark its regulatory structures against best practice standards as codified by these bodies.

Apart from being a signatory to the IOSCO and the SADC multilateral MoUs, the FSCA has concluded bilateral MoUs with a large number of jurisdictions. The MoUs are aimed at facilitating and improving the exchange of information and cooperation among regulators.

Furthermore, the FSCA participates in the activities of African regulatory bodies, such as those in the SADC region, particularly CISNA. The FSCA, through the FSB, has participated in the activities of CISNA since its inception and has provided its secretariat services. CISNA's main objective is to establish sound regulatory frameworks and to promote and maintain confidence in the financial systems in the SADC region. In addition, CISNA promotes the creation of a comprehensive and harmonised regulatory framework in capital markets, investment services, insurance and retirement funds. The aim is to prepare the region's regulatory framework for the free flow of capital within the SADC and, in particular, to address potential regulatory arbitrage.

4.2.4 PESTEL and SWOT analysis

The performance environment and the influences therefrom were considered and a PESTEL analysis (Political, Economic, Social, Technology, Environment and Legal) and an analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT) were completed for the entity. The assessment is reflected below.

PESTEL

Political	Political instability resulting in change of policies and government priorities, thus creating volatility and, negatively affecting financial markets
Economic	<ul style="list-style-type: none"> Challenges of being funded from National Revenue Fund Weak SA economy impacts negatively on stakeholders and revenue collection Money Bill not yet enacted Global pandemic has worsened the outlook on the South African economy
Social	<ul style="list-style-type: none"> Attacks by political parties and other stakeholders Global pandemic outbreaks
Technology	<ul style="list-style-type: none"> Cyber security remains a challenge globally.

	<ul style="list-style-type: none"> Fintech landscape is changing which forces the regulator to align its regulations to the changing needs of the financial markets.
Environment	N/A
Legal	There are legislative gaps in relation to the FSR act which will be addressed by the CoFI bill once it becomes enacted. Ineffective implementation of legislation and standards.

SWOT

Strengths <ul style="list-style-type: none"> Experienced regulator. National Treasury and legislative support. Stakeholder support and buy-in. Competent, willing and enthusiastic staff. Institutional commitment to ensuring consumer protection and confidence in the financial sector. A robust and enabling regulatory and supervisory framework environment. Good standing with domestic and international bodies. 	Weaknesses <ul style="list-style-type: none"> Insufficient skills and resource constraints due to expanded regulatory and supervisory mandate. Key leadership vacancies. Legacy systems and lack of data capabilities. Inability to respond to financial innovation in a timely manner. Weak intelligence gathering with regard to industry risks and financial innovation. Inability to attract critical skills
Opportunities <ul style="list-style-type: none"> Opportunity to recruit highly skilled leadership team. Opportunity to influence the future direction of FSCA. Fresh start for a new regulator. Strengthening regulatory and supervisory frameworks by leveraging enhanced research capabilities and accessibility to international information sources. Delivery of better outcomes for wider range of financial customers as a result of expanded mandate and focus areas. Introduction of innovative processes and thinking due to change in approach and new leadership. 	Threats <ul style="list-style-type: none"> Corruption in the public sector . Political interference affecting the work of the FSCA. COVID-19 pandemic in relation to the safety of our employees and the ability to still deliver on our mandate Risk of not being able to collect levies as a result of tough economic conditions

The identified weaknesses and threats are being addressed by the various committees and management of the FSCA through the monitoring of the strategic risk register where we highlighted our top ten risks and mitigating controls to reduce these risks to an acceptable level.

4.2.5 Risk management framework

The FSCA has a sound risk-management framework, including policies, procedures and systems that enable it to identify, measure, monitor and manage effectively the range of risks that arise in

or are borne by the entity. It takes an integrated and comprehensive view of its risks. The framework also sets out the methodologies for identifying and assessing the impact of risks and the roles and responsibilities of management in relation to risks. The Risk Committee ensures that the FSCA continues to maintain an effective risk management framework.

The FSCA's risk management processes are designed to identify, measure, manage and monitor strategic and operational risks across the entire organisation. It continues to use risk management techniques to identify potential threats that could impede its ability to achieve its strategic goals and objectives.

A summary of the FSCA top 10 strategic risks, together with some of their mitigation measures, is provided below.

Risk	Mitigation	Outcomes of effective mitigation
Talent risk – inability to attract, recruit and retain skilled staff.	<ul style="list-style-type: none"> Recruitment and retention strategy and policy in place. Talent management initiatives. FSCA salaries benchmarked with market related salaries. 	Sufficiently skilled organisation to achieve our regulatory mandate
Cyber risk – the risk of financial and data loss as a result of unauthorised and illegal access to ICT infrastructure	<ul style="list-style-type: none"> Continuous vulnerability management and remediation. Security incidents and event management. Disaster recovery plan in place. Cyber security risk management. Employee awareness training, etc. 	Enhanced organisational resilience to cyber attacks
Reputational risk – loss of credibility and respect of the FSCA as an effective regulator of market conduct.	<ul style="list-style-type: none"> Communication and reputational management strategy. Proactive and timely enforcement actions. Processes, procedures and delegations in place. 	Trusted organisation by the financial customer and sector
Mandate risk – risk of not achieving the mandate of the FSR Act.	<ul style="list-style-type: none"> On-going review of regulatory strategy. Perimeter risk assessment. On-going interaction with National Treasury. 	Effective and efficient systems and processes which allows the regulator to meet our mandate.
Data risk – inappropriate/ineffective data/information management.	<ul style="list-style-type: none"> Establishment of a dedicated information hub. Malware protection. Sound policies and procedures over data/information management. 	An effective data management and recovery systems.
Supervision risk – ineffective supervision of regulated entities.	<ul style="list-style-type: none"> Annual risk-based supervision plans. Self-assessments and peer reviews. Co-ordination of virtual on-site inspections. Experienced supervision staff. 	Respected as a global leader in market conduct regulation and supervision
Fraud and corruption risk – exposure to fraud and corruption	<ul style="list-style-type: none"> Approval policies. Sound internal controls. Comprehensive fraud and corruption strategy, including anonymous tip-offs reporting. 	Efficient process and controls to prevent and detect fraud and corruption
Stakeholder risks – lack of co-operation and trust of stakeholders	<ul style="list-style-type: none"> Stakeholder engagement plan. Assistance of Reputational management company. 	Respected by all stakeholders as a competent, effective and accountable regulator.
IRS project risk – Failure of strategic Integrated Regulations Solutions project.	<ul style="list-style-type: none"> Steering committee comprising of Ops Exco. 	An effective monitoring system that enables efficiency.

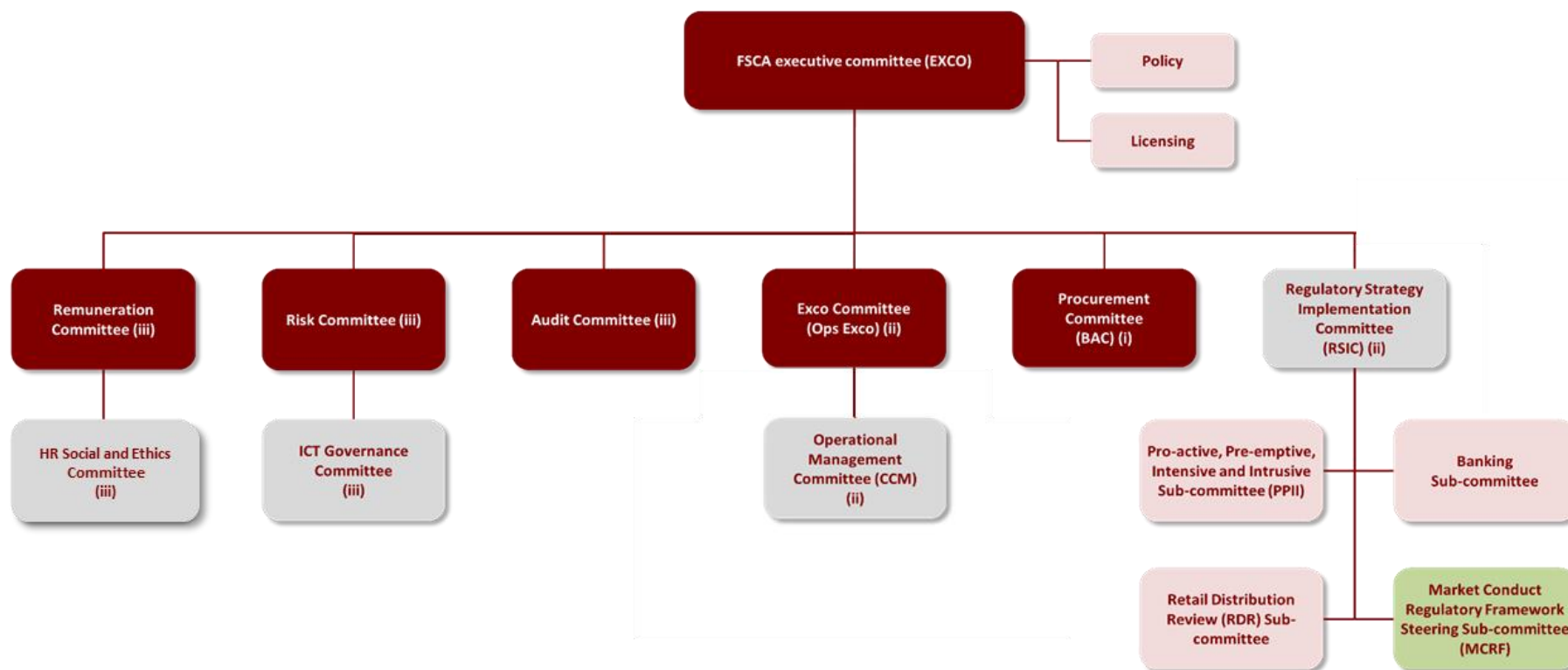
	<ul style="list-style-type: none"> Established enterprise architecture. Experienced IT resources. Project management office. 	
Funding risk	<ul style="list-style-type: none"> Active engagement with NT Interim Regulations in place to provide for funding Assistance with drafting legislation Monitor progress with drafting of legislation Current reserves cover Levies increases will be in line with CPI Implementation of cost containment measures in line with FSCA budget. Effective credit control in place 	Sufficient funding to maintain an effective regulator
People risks – risk of death/injury to employees at third party premises (investigators and CED staff)	<ul style="list-style-type: none"> SAPS accompanying investigation on assignments. 	Improved health and safety of FSCA employees
Global Pandemic	<ul style="list-style-type: none"> Robust Business Continuity Management Dedicated Crisis Communication and Management Teams. Stringent DR capabilities and sufficient DR facilities. Remote working capability for every staff (telecommuting / working from home) Arrangement for vulnerable employees to work from home. FSCA Pandemic Management Plan Ops Exco resolutions to invoke Essential Services Teams per Division. Expanding VPN Access. Ability to perform desktop and virtual reviews instead of conducting onsite visits of regulated entities. Implementation of mandatory quarantine for employees possibly affected. Installation of hand sanitizers on each floor. Cancellation of all physical meetings with outside parties and making use virtual platforms such as Skype and MicroSoft teams 	Resilient and sustainable entity

4.2.6 Organisational environment

4.2.6.1 FSCA governance structure

The Executive Committee (EXCO) of the FSCA oversees the operations of the organisation. The EXCO comprises the Commissioner and up to four Deputy Commissioners, all of whom are appointed by the Minister of Finance. The appointment and roles of the EXCO and Commissioners are set out in sections 60 to 62 of the FSR Act. Section 68 (1) of the Act establishes a Remuneration Committee and a Risk Committee. Section 68 (2) authorises the EXCO to establish other subcommittees with functions that the EXCO may determine.

During the transitional phase until the Commissioners have taken office, the operations of the FSCA are being overseen by a Transitional Management Committee (TMC), chaired by an interim Commissioner. The governance structure recommended by the TMC is depicted below.



Legend:

Meeting frequency:
 (i) As often as required
 (ii) Monthly
 (iii) Quarterly
 (iv) Bi-annually
 (v) Every second month

Committee required ito FSRA and PFMA

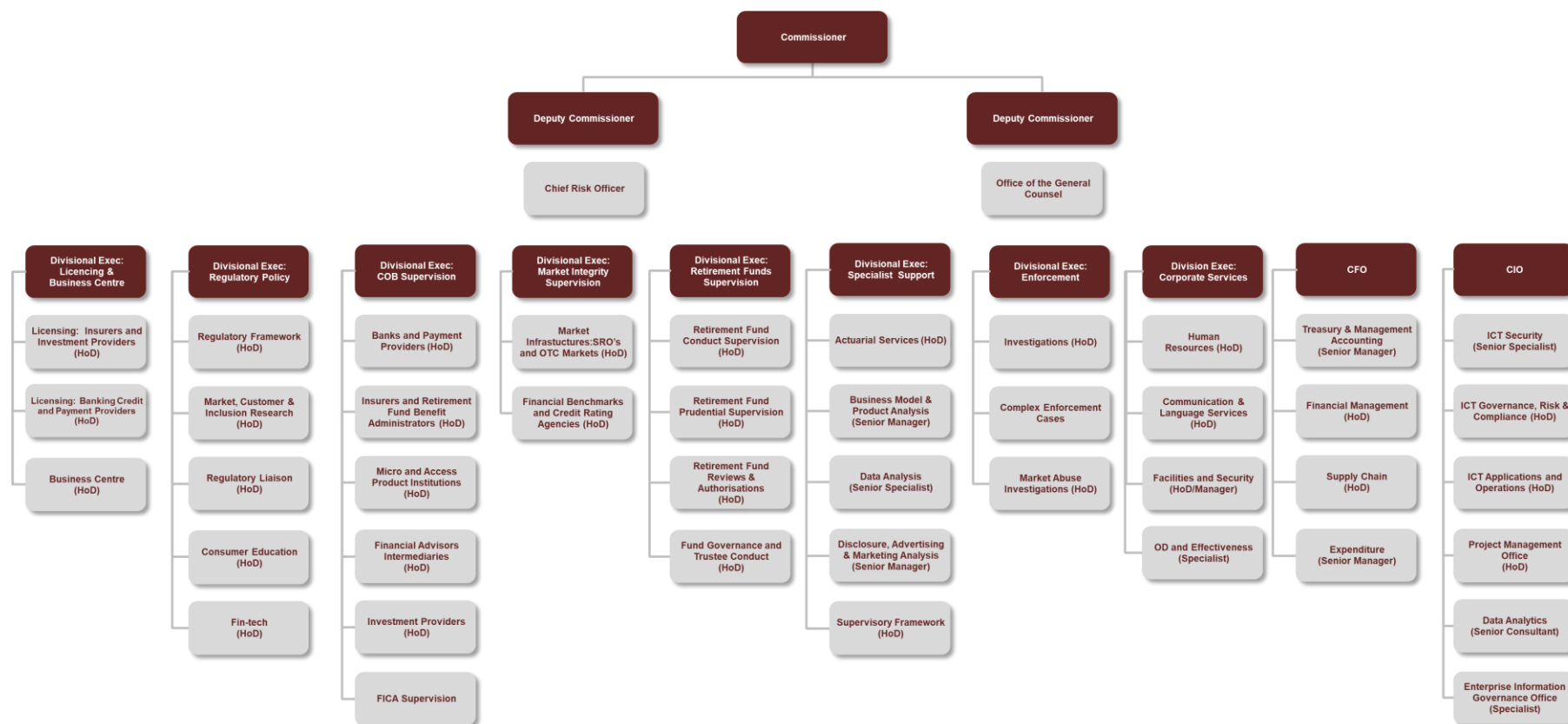
Recommended Exco committees

Sub-committees

External committee

4.2.6.2 FSCA organisational structure

As mentioned above the FSCA is presided over by an Executive Committee. The FSCA is organised into ten-line divisions which includes a Corporate Services, housing the support departments. Each division is headed by a divisional executive. The Chief Information Officer (CIO) is responsible for ensuring the development and implementation of a business aligned FSCA ICT Strategy. The Chief Finance Officer (CFO) is responsible for sound financial governance. The Chief Risk Officer, responsible for the second line assurance functions, and the General Counsel reports to the Commissioner. The organogram of the FSCA is reproduced below.



PART C: MEASURING OUR PERFORMANCE

1 Institutional programme performance information

1.1 Programme: Administration

Purpose: Provide support to core operating divisions of the FSCA

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/24
A modern organisation that is financially sustainable and efficient.	Clean Audit Opinion obtained from AGSSA	Clean audit opinion (AGSA)	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion	Obtain AGSA clean audit opinion
	Paid suppliers' valid invoices within 30 days	Percentage suppliers' invoices paid within 30 days	87% Suppliers valid invoice paid within 30 days	92% Suppliers valid invoice paid within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days
	Collected invoiced levies	Percentage levies invoiced, collected	N/A – new initiative	N/A – new initiative	Collect 98% of levies invoiced	Collect 98% of levies invoiced	Collect 98% of levies invoiced	Collect 98% of levies invoiced	Collect 98% of levies invoiced
	Collected penalties from regulated entities	Percentage penalties invoiced, collected within 30 days	N/A – new initiative	N/A – new initiative	N/A – new initiative	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/24
							date of invoice		date of invoice
	Achieved FSCA Employment Equity Targets	Percentage achievement of FSCA EE targets	N/A – new initiative	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 91% employees from black group 9% from white group 	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 91% employees from black group 9% from white group 	<ul style="list-style-type: none"> 50% female 50% males; 1% employees with disabilities; 90% employees from black group 10% from white group 	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 90% employees from black group 10% from white group 	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 90% employees from black group 10% from white group 	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 90% employees from black group 10% from white group
	Implemented project milestones for the Integrated Regulatory System (IRS)	Percentage of IRS Project milestones implemented according to the IRS Project Charter by 31 March 2022.	N/A – new initiative	• N/A – new initiative	• N/A – new initiative	• N/A – new initiative	Implement 10% of project milestones according to the IRS Project Charter by 31 March 2022.	Implement 50% of project milestones according to the IRS Project Charter by 31 March 2022.	Implement 100% of project milestones according to the IRS Project Charter by 31 March 2022.
	Achieved media engagements conducted	Number of media engagements conducted	<ul style="list-style-type: none"> 322 interviews in national radio stations 	<ul style="list-style-type: none"> 12 media interviews 4 media round table discussions 	<ul style="list-style-type: none"> Interviews in 10 TV/radio stations. 4 media round table discussions. 	<ul style="list-style-type: none"> 6 broadcast media interviews 6 community radio interviews 	<ul style="list-style-type: none"> 8 broadcast media interviews 8 communit 	<ul style="list-style-type: none"> 8 broadcast media interviews 8 community radio interviews 	<ul style="list-style-type: none"> 8 broadcast media interviews 8 communit

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/24
			<ul style="list-style-type: none">• 4 media round table discussions• 12 reports on news relating to the FSB• 1 media lunch• 4 FSB Bulletins• 4 Buzz from the Board• 4 FSB exhibitions	<ul style="list-style-type: none">• 4 reports on news relating to the FSCA• 0 media lunch• 1 annual media survey• 2 FSCA bulletins• 3 Buzz from the Board• 2 FSCA exhibitions	<ul style="list-style-type: none">• 4 reports on news relating to the FSCA.• 1 Media lunch,• 1 annual media survey.• 4 FSCA Bulletins• 4 Buzz from the Board• 4 FSBBCA exhibitions• 1 CEO breakfast• 1 industry workshop	<ul style="list-style-type: none">• 2 media round tables• 1 media survey• 3 media monitoring reports• 3 FSCA newsletters• 3 “FSCA Our Voice”• 1 FSCA television advert	<ul style="list-style-type: none">y radio interviews• 4 media round tables• 1 media survey• 1 media monitoring reports• 4 media monitorin g reports• 4 FSCA newslette rs• 4 “FSCA Our Voice”• 1 FSCA television advert	<ul style="list-style-type: none">• 4 media round tables• 1 media survey• 4 media monitoring reports• 4 FSCA newsletters• 4 “FSCA Our Voice”1 FSCA television advert	<ul style="list-style-type: none">y radio interviews• 4 media round tables• 1 media survey• 4 media monitorin g reports• 4 FSCA newsletter• 4 “FSCA Our Voice”1 FSCA television advert

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Clean audit opinion (AGSA)	Obtain AGSA clean audit opinion	N/A	Obtain AGSA clean audit opinion	N/A	N/A

Output indicator	Annual target	Q1	Q2	Q3	Q4
Percentage suppliers' invoices paid within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days	Pay 100% of valid supplier's invoices within 30 days
Percentage levies invoiced, collected	Collect 98% of levies invoiced	N/A	N/A	N/A	Collect 98% of levies invoiced
Percentage penalties invoiced, collected within 30 days	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice	N/A	N/A	N/A	Collect 100% of collectable penalties from regulated entities within 30 days from date of invoice
Percentage achievement of FSCA EE targets	<ul style="list-style-type: none"> • 50% female • 50% males; • 2% employees with disabilities; • 90% employees from black group 10% from white group 	<ul style="list-style-type: none"> • 50% female • 50% males; • 2% employees with disabilities; • 90% black group <ul style="list-style-type: none"> • 79% African • 7% coloured • 4% Indian • 10% from white group 	<ul style="list-style-type: none"> • 50% female • 50% males; • 2% employees with disabilities; • 90% black group <ul style="list-style-type: none"> • 79% African • 7% coloured • 4% Indian • 10% from white group 	<ul style="list-style-type: none"> • 50% female • 50% males; • 2% employees with disabilities; • 90% black group <ul style="list-style-type: none"> • 79% African • 7% coloured • 4% Indian • 10% from white group 	<ul style="list-style-type: none"> • 50% female • 50% males; • 2% employees with disabilities; • 90% black group <ul style="list-style-type: none"> • 79% African • 7% coloured • 4% Indian • 10% from white group
Percentage of IRS Project milestones implemented according to the IRS Project Charter by 31 March 2022.	Implement 10% of project milestones according to the IRS Project Charter by 31 March 2022.	N/A	N/A	N/A	Implement 10% of project milestones according to the IRS Project Charter by 31 March 2022.
Number of media engagements conducted	<ul style="list-style-type: none"> • 8 broadcast media interviews • 8 community radio interviews • 4 media round tables • 1 media survey • 4 media monitoring reports • 4 FSCA newsletters • 4 "FSCA Our Voice" 	<ul style="list-style-type: none"> • 2 broadcast media interviews • 2 community radio interviews • 1 media round table • 1 media monitoring reports • 1 FSCA newsletters • 1 "FSCA Our Voice" • 	<ul style="list-style-type: none"> • 2 broadcast media interviews • 2 community radio interviews • 1 media round table • 1 media monitoring reports • 1 FSCA newsletters • 1 "FSCA Our Voice" • 	<ul style="list-style-type: none"> • 2 broadcast media interviews • 2 community radio interviews • 1 media monitoring reports • 1 FSCA newsletters • 1 "FSCA Our Voice" • 	<ul style="list-style-type: none"> • 2 broadcast media interviews • 2 community radio interviews • 1 media round table • 1 media survey • 1 media monitoring reports • 1 FSCA newsletters • 1 "FSCA Our Voice"

Output indicator	Annual target	Q1	Q2	Q3	Q4
	• 1 FSCA television advert				• 1 FSCA television advert

1.2 Programme: Licensing and Business Centre

Purpose: Performs licensing and authorisation function for financial institutions required to be licensed by the FSCA. The Business Centre is the point of entry for information submitted to the FSCA by external stakeholders and acts as the information management hub.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Effective and efficient licensing processes that ensures fair treatment of customers by financial institutions	Completed licence applications within 90 days	Percentage of licence applications completed within the SLCs- 90 days (where all the information has been received)	N/A – new initiative	N/A – new initiative	N/A – new initiative	Licence 80% of all received applications within 90 days	Complete 80% of licence applications received within - 90 days (where all the information has been received)	Complete 80% of licence applications received within - 90 days (where all the information has been received)	Complete 80% of licence applications received within – 90 days (where all the information has been received)

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Percentage of licence applications completed within the SLC – 90 days (where all the information has been received)	Complete 80% of licence applications received within SLC where all the information has been received)	Complete 80% of licence applications received within SLC (where all the information has been received)	Complete 80% of licence applications received within SLC - 90 days where all the information has been received)	Complete 80% of licence applications received within SLC- 90 days where all the information has been received)	Complete 80% of licence applications received within SLC- - 90 days where all the information has been received)

1.3 Programme: Regulatory Policy

Purpose: Responsible for the on-going development of the FSCA's regulatory frameworks, financial inclusion, transformation, consumer education, research into international developments, emerging conduct risks and technological innovations and coordinates the FSCA's interaction with other regulatory authorities and standard setting bodies.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Improved regulation and supervision processes to strengthen the efficiency and integrity of our financial markets	Achieved implementation of targets in the Annual Research Plan	Percentage implementation of the Annual Research plan to support Consumer Insights, Regulatory Frameworks, Market Trends and Supervisory Best practices	N/A – new initiative	N/A – new initiative	N/A – new initiative	90% achievement of targets of the Annual Research Plan by 31 March 2021	90% achievement of targets of the Annual Research Plan by 31 March 2022	90% achievement of targets of the Annual Research Plan by 31 March 2023	90% achievement of targets of the Annual Research Plan by 31 March 2024
	Achieved milestones in the Financial Sector Harmonisation Project	Percentage Implementation of the Financial Sector Harmonisation Project Plan	N/A – new initiative	N/A – new initiative	N/A – new initiative	N/A – new initiative	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2022	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2023	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2024
		Percentage Implementation of	N/A – new initiative	N/A – new initiative	N/A – new initiative	N/A – new initiative	Achievement of 80% of the	Achievement of 80% of the	Achievement of 80% of the

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Achieved milestones in the Regulatory Framework Transition Project Plan	the Regulatory Framework Transition Project Plan					milestones as per the Regulatory Framework Transition Project Plan by 31 March 2022	milestones as per the Regulatory Framework Transition Project Plan by 31 March 2023	the milestones as per the Regulatory Framework Transition Project Plan by 31 March 2024
Increased prioritisation by the financial sector on transformation and inclusion	Implemented FSCA Inclusion Strategy	Percentage implementation of the FSCA Inclusion Strategy Implementation Plan	N/A – new initiative	N/A – new initiative	N/A – new initiative	N/A – new initiative	80% of the FSCA Inclusion Implementation Plan by 31 March 2022	80% of the FSCA Inclusion Implementation Plan by 31 March 2023	80% of the FSCA Inclusion Implementation Plan by 31 March 2024
	Implemented FSCA Transformation Strategy	Percentage implementation of the FSCA Transformation Strategy Implementation Plan	N/A – new initiative	N/A – new initiative	N/A – new initiative	N/A – new initiative	80% of the FSCA Transformation Implementation Plan by 31 March 2022	80% of the FSCA Transformation Implementation Plan by 31 March 2023	80% of the FSCA Transformation Implementation Plan by 31 March 2024
Improved brand awareness, financial literacy, customer awareness and understanding of their rights	Implemented Consumer Education initiatives	Number of Financial literacy and consumer education initiatives conducted.	<ul style="list-style-type: none"> • 395 workshops • 28 exhibitions • 4 reports on web content uploads/edits • 35 media activities 	<ul style="list-style-type: none"> • 174 workshops • 19 exhibitions • 4 reports on online activities • 20 media activities 	<ul style="list-style-type: none"> • 6 research and M&E reports/case studies. • 5 resources developed. • 138 workshops. • 4 reports on online activities. 	<ul style="list-style-type: none"> • 7 research and M&E reports/case studies • 1 Money Smart Week FSCA activity implemented 	<ul style="list-style-type: none"> • 55 workshops conducted • 15 media activities • 16 exhibitions • 1 Money Smart Week FSCA 	<ul style="list-style-type: none"> • 60 workshops conducted • 15 media activities • 16 exhibitions • 1 Money Smart Week FSCA 	<ul style="list-style-type: none"> • 60 workshops conducted • 15 media activities • 16 exhibitions • 1 Money Smart Week FSCA

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
and responsibilities when making financial decisions			5 CE resources	<ul style="list-style-type: none"> 5 CE resources developed 11 research and M&E reports 1 Money smart Week 	<ul style="list-style-type: none"> 10 media activities. 11 exhibitions. 1 money smart week. 	<ul style="list-style-type: none"> 16 resources developed 20 FSCA Media campaign activities 8 Digital documents/Articles 3 Social Media Postings Reports 4 Webinars 11 Podcasts 30 workshops conducted 	<ul style="list-style-type: none"> activity implemented 83 Speech Competition activities 3 resources developed 5 research and M&E reports/case studies 4 reports on online activities 	<ul style="list-style-type: none"> activity implemented 83 Speech Competition activities 3 resources developed 5 research and M&E reports/case studies 4 reports on online activities 	<ul style="list-style-type: none"> activity implemented 83 Speech Competition activities 3 resources developed 5 research and M&E reports/case studies 4 reports on online activities
	Completed training and familiarisation programmes provided to regulators in the SADC region	Number of familiarisation programmes held to provide training and support to regulators in the SADC region	• N/A – new initiative	• N/A – new initiative	• N/A – new initiative	Hold 1 familiarisation programme by 31 March 2021	• Hold 1 familiarisation programme to provide training and support to regulators in the SADC region by 31 March 2022.	• Hold 1 familiarisation programme to provide training and support to regulators in the SADC region by 31 March 2023.	• Hold 1 familiarisation programme to provide training and support to regulators in the SADC region by 31 March 2024.
A regulatory	Responded to Fintech	Percentage response Rate to	N/A – new initiative	N/A – new initiative	N/A – new initiative	Respond to 90% of	Respond to 90% of	Respond to 90% of	Respond to 90% of

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
environment that better enables innovation in the interest of financial customers.	queries received by FSCA from the Regulatory Guidance Unit	Fintech Queries submitted to RGU related to FSCA mandate within 28 days of receipt				queries received by the FSCA within 28 days of receipt	queries received by the FSCA within 28 days of receipt	queries received by the FSCA within 28 days of receipt	queries received by the FSCA within 28 days of receipt
	Resolved Fintech Sandbox Cohorts test cases within six months after parameters were defined	Percentage of RSB Sandbox Cohorts test cases completed within six months after defining parameters	N/A – new initiative	N/A – new initiative	N/A – new initiative	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters.	Resolution of 90% of RSB test cases within six months after defining parameters
	Implemented targets in the Innovation Accelerator	Percentage implementation of the projects in the innovation accelerator (IA) annual plan	N/A – new initiative	N/A – new initiative	N/A – new initiative	90% achievement of annual targets of the IA annual plan by 31 March 2021	90% achievement of annual targets of the IA annual plan by 31 March 2022	90% achievement of annual targets of the IA annual plan by 31 March 2023	90% achievement of annual targets of the IA annual plan by 31 March 2024

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Percentage implementation of the Annual Research plan to support Consumer Insights, Regulatory Frameworks, Market	90% achievement of targets of the Annual Research Plan by 31 March 2022	N/A	N/A	N/A	90% achievement of targets of the Annual Research Plan by 31 March 2022

Output indicator	Annual target	Q1	Q2	Q3	Q4
Trends and Supervisory Best practices					
Percentage Implementation of the Financial Sector Harmonisation Project Plan	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2022	N/A	N/A	N/A	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2022
Percentage Implementation of the Regulatory Framework Transition Project Plan by DE: Regulatory Policy	Achievement of 80% of the milestones as per the Regulatory Framework Transition Project Plan by 31 March 2022	N/A	N/A	N/A	Achievement of 80% of the milestones as per the Regulatory Framework Transition Project Plan by 31 March 2022
Percentage implementation of the FSCA Inclusion Strategy Implementation Plan	80% of the FSCA Inclusion Implementation Plan by 31 March 2022	N/A	N/A	N/A	80% of the FSCA Inclusion Implementation Plan by 31 March 2022
Percentage implementation of the FSCA Transformation Strategy Implementation Plan	80% of the FSCA Transformation Implementation Plan by 31 March 2022	N/A	N/A	N/A	80% of the FSCA Transformation Implementation Plan by 31 March 2022
Number of Financial literacy and consumer education initiatives conducted.	<ul style="list-style-type: none"> • 55 workshops conducted • 15 media activities • 16 exhibitions • 1 Money Smart Week FSCA activity implemented • 83 Speech Competition activities • 3 resources developed • 5 research and M&E reports/case studies • 4 reports on online activities 	<ul style="list-style-type: none"> • 30 workshops conducted • 3 media activities • 5 exhibitions • 0 Money Smart Week FSCA activity implemented • 20 Speech Competition activities • 0 resources developed • 2 research and M&E reports/case studies • 1 report on online activity 	<ul style="list-style-type: none"> • 6 workshops conducted • 5 media activities • 5 exhibitions • 0 Money Smart Week FSCA activity implemented • 62 Speech Competition activities • 1 resource developed • 1 research and M&E reports/case study • 1 report on online activity 	<ul style="list-style-type: none"> • 14 workshops conducted • 3 media activities • 2 exhibitions • 0 Money Smart Week FSCA activity implemented • 1 Speech Competition activity • 1 resource developed • 1 research and M&E reports/case study • 1 report on online activity 	<ul style="list-style-type: none"> • 5 workshops conducted • 4 media activities • 4 exhibitions • 1 Money Smart Week FSCA activity implemented • 0 Speech Competition activities • 1 resource developed • 1 research and M&E reports/case study • 1 report on online activity
Number of familiarisation	<ul style="list-style-type: none"> • Hold 1 familiarisation programme to provide 	N/A	N/A	N/A	Hold 1 familiarisation programme to provide

Output indicator	Annual target	Q1	Q2	Q3	Q4
programmes held to provide training and support to regulators in the SADC region	training and support to regulators in the SADC region by 31 March 2022.				training and support to regulators in the SADC region by 31 March 2022.
Percentage response Rate to Fintech Queries submitted to RGU related to FSCA mandate within 28 days of receipt	Respond to 90% of queries received by the FSCA within 28 days of receipt	Respond to 90% of queries received by the FSCA within 28 days of receipt	Respond to 90% of queries received by the FSCA within 28 days of receipt	Respond to 90% of queries received by the FSCA within 28 days of receipt	Respond to 90% of queries received by the FSCA within 28 days of receipt
Percentage of RSB Sandbox Cohorts test cases completed within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters	Resolution of 90% of RSB test cases within six months after defining parameters
Percentage implementation of the projects in the innovation accelerator (IA) annual plan	90% achievement of annual targets of the IA annual plan by 31 March 2022	N/A	N/A	N/A	90% achievement of annual targets of the IA annual plan by 31 March 2022

1.4 Programme: Conduct of Business Supervision

Purpose: Carry out on-going supervision of business conduct of supervised entities in the financial sector other than retirement funds and entities supervised by the Market Integrity division.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Improved brand awareness, financial	Completed awareness	Number of awareness programmes held with	N/A – new initiative	N/A – new initiative	N/A – new initiative	Hold 2 awareness programmes to educate	Hold 5 awareness programmes to educate	Hold 5 awareness programmes to educate	Hold 5 awareness programmes to educate

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
literacy, customer awareness and understanding of their rights and responsibilities when making financial decisions	programmes to educate communities utilising banking services	communities utilising banking services				Communities utilising banking services	Communities utilising banking services	Communities utilising banking services	Communities utilising banking services
	Completed up-skill training for small financial services providers	Number of workshops conducted to provide up-skill training for small financial service providers	17 workshops	14 workshops	Conduct 8 workshops to provide up-skill training for small financial services providers	Conduct 9 workshops to provide up-skill training for small financial services providers	Conduct 9 workshops to provide up-skill training for small financial services providers (FAI 6 and Micro 3)	Conduct 9 workshops to provide up-skill training for small financial services providers (FAI 6 and Micro 3)	Conduct 9 workshops to provide up-skill training for small financial services providers (FAI 6 and Micro 3)
Increased prioritisation by the financial sector on transformation and inclusion	Completed empowerment workshops held with small business enterprises (SMMes)	Number of empowerment workshops conducted with SMMes	17 workshops	14 workshops	Conduct 8 empowerment workshops with SMMes	Conduct 8 empowerment workshops with SMMes	Conduct 8 empowerment workshops with SMMes	Conduct 8 empowerment workshops with SMMes	Conduct 8 empowerment workshops with SMMes
Improved market conduct through risk-based and pro-active supervision of financial institutions	Completed on-site inspections conducted on regulated entities	Number of on-site inspections conducted on regulated entities	N/A – new initiative	N/A – new initiative	240 onsite inspections	75 virtual on-site inspections.	122 onsite (physical or virtual) inspections	122 onsite (physical or virtual) inspections	122 onsite (physical or virtual) inspections
	Completed off-site analysis of statutory returns from registered financial	Percentage of statutory returns analysed for FSPs	Conduct desktop reviews on financial statements of 80% of	Conduct desktop reviews on financial statements of 80% of	Perform 80% off-site analysis on statutory returns received from registered	Perform 80% off-site analysis on statutory returns received from registered	Perform 80% off-site analysis on statutory returns received from registered	Perform 80% off-site analysis on statutory returns received from registered	Perform 80% off-site analysis on statutory returns received from registered

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	services providers		identified regulated entities	identified regulated entities	Financial service providers (FSP)	Financial service providers (FSP)	Financial service providers (FSP)	Financial service providers (FSP)	Financial service providers (FSP)
	Completed off-site analysis of Conduct of business returns from insurers earmarked for review in the current financial year.	Percentage of insurer conduct of business returns analysed	N/A – new initiative	N/A – new initiative	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review in the 2021/22 financial year	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review in the 2022/23 financial year	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review in the 2023/24 financial year
	Completed desktop reviews on statutory returns from investment providers	Percentage of desktop reviews conducted for investment providers	N/A – new initiative	N/A – new initiative	Conduct desktop reviews on statutory returns of 80% of investment providers	Conduct desktop reviews on statutory returns of 80% of investment providers	Conduct desktop reviews on statutory returns of 80% of investment providers	Conduct desktop reviews on statutory returns of 80% of investment providers	Conduct desktop reviews on statutory returns of 80% of investment providers

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Number of awareness programmes held with communities utilising banking services	Hold 5 awareness programmes to educate Communities utilising banking services	Hold 1 awareness programmes to educate Communities utilising banking services	Hold 1 awareness programmes to educate Communities utilising banking services	Hold 1 awareness programmes to educate Communities utilising banking services	Hold 2 awareness programmes to educate Communities utilising banking services
Number of workshops conducted to provide up-skill training for small financial service providers	Conduct 9 workshops to provide up-skill training for small financial services providers	N/A	N/A	Conduct 5 workshops to provide up-skill training for small financial services providers (FAI 3 and Micro 2)	Conduct 4 workshops to provide up-skill training for small financial services providers (FAI 3 and Micro 1)
Number of empowerment workshops conducted with SMMEs	Conduct 8 empowerment workshops with SMMEs	Conduct 4 empowerment workshops with SMMEs	Conduct 4 empowerment workshops with SMMEs	Conduct 5 empowerment workshops with SMMEs	Conduct 5 empowerment workshops with SMMEs
Number of on-site inspections conducted on regulated entities	122 onsite inspections	5 onsite inspections <ul style="list-style-type: none"> Banks and Payment Providers (BPP) 5 	34 onsite inspections <ul style="list-style-type: none"> BPP 5 IRF 5 Micro institution 4 FAI 10 Investment providers 10 	42 onsite inspections <ul style="list-style-type: none"> BPP 5 IRF 0 Micro institution 10 FAI 15 Investment providers 12 	41 onsite inspections <ul style="list-style-type: none"> BPP 5 IRF 5 Micro institution 7 FAI 15 Investment providers 9
Percentage of statutory returns analysed for FSPs	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)
Percentage of insurer conduct of business returns analysed	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review in the 2021/22 financial year	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review	Perform 80% offsite analysis on conduct of business returns submitted by insurers earmarked for review
Percentage of desktop reviews conducted for investment providers	Conduct desktop reviews on statutory	Conduct desktop reviews on statutory	Conduct desktop reviews on statutory	Conduct desktop reviews on statutory	Conduct desktop reviews on statutory

Output indicator	Annual target	Q1	Q2	Q3	Q4
	returns of 80% of investment providers	returns of 80% of investment providers	returns of 80% of investment providers	returns of 80% of investment providers	returns of 80% of investment providers

1.5 Programme: Market Integrity Supervision

Purpose: Supervise the conduct of financial market infrastructures as well as the conduct of credit ratings agencies.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
Improved regulation and supervision processes to strengthen the efficiency and integrity of our financial markets	Completed inspection per Credit Rating per Agency per annum (virtual or physical)	Number of inspections per Credit Rating Agency per annum conducted	N/A – new initiative	N/A – new initiative	N/A – new initiative	Conduct 1 inspections per Credit Rating Agency per annum	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)
	Assessed Annual Report and Compliance Report per CRAs	Number of Annual report and Compliance Reports assessed per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum
	Completed post licensing reviews of ODPs	Number of post licensing reviews conducted for ODPs	N/A – new initiative	N/A – new initiative	N/A – new initiative	Conduct 2 post licensing reviews for ODPs by 31/3/2021	Conduct 2 post licensing reviews for ODPs by 31/3/2022	Conduct 2 post licensing reviews for ODPs by 31/3/2023	Conduct 2 post licensing reviews for ODPs by 31/3/2024

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Completed inspections conducted to Market Infrastructures and Self-Regulating Organisations (SROs)	Number of inspections conducted for Market Infrastructures and SROs (virtual or physical)	N/A – new initiative	N/A – new initiative	N/A – new initiative		Conduct 3 inspections for Market Infrastructures and SROs (virtual or physical) by 31/3/2022.	Conduct 3 inspections for Market Infrastructures and SROs (virtual or physical) by 31/3/2023.	Conduct 3 inspections for Market Infrastructures and SROs (virtual or physical) by 31/3/2024.

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Number of inspections per Credit Rating Agency per annum conducted	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)	N/A	N/A	N/A	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)
Number of Annual report and Compliance Reports assessed per CRAs per annum	Assess 1 Annual report and Compliance Report per CRAs per annum	N/A	Assess 1 Annual report and Compliance Report per CRA (3 CRAs in total)	N/A	N/A
Number of post licensing reviews conducted for ODPs	Conduct 2 post licensing reviews for ODPs by 31/3/2022	N/A	Conduct 1 post licensing review for ODPs by 31/12/2021	N/A	Conduct 1 post licensing review for ODPs by 31/3/2022
Number of inspections conducted for Market Infrastructures and SROs (virtual or physical)	Conduct 3 inspections for Market Infrastructures and SROs (virtual or physical) by 31/3/2022.	Conduct 1 inspection for Market Infrastructures and SROs (virtual or physical)	Conduct 1 inspection for Market Infrastructures and SROs (virtual or physical)	Conduct 1 inspection for Market Infrastructures and SROs (virtual or physical)	N/A

1.6 Programme: Retirement Funds

Purpose: On-going supervision of the business conduct of entities authorised to provide retirement fund benefits. In the transitional period the division will also be responsible for the prudential supervision of retirement funds.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/24
Enhanced supervision to promote sound management of retirement funds thereby protecting and safeguarding retirement benefits and rights of beneficiaries	Completed on-site inspections conducted per Risk-based Supervision Plan (On-site, desktop or virtual)	Percentage of inspections (on-site, desktop or virtual) conducted relating to Retirement Funds.	N/A	N/A	80% of on-site inspections conducted	80% of virtual/desktop inspections conducted	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)
	Completed analysis of returns from Registered Funds (off-site reviews)	Percentage of returns received from registered funds analysed (off-site reviews) within agreed timeframes	N/A	N/A	80% of returns received analysed (off-site reviews)	80% of returns received from registered funds analysed (off-site reviews)	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Percentage of inspections (on-site, desktop or virtual) conducted relating to Retirement Funds.	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)
Percentage of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes

1.7 Programme: Enforcement

Purpose: Responsible for carrying out investigations related to both market abuse matters and other potential contraventions of financial sector laws. The division will carry out initial enforcement assessments in relation to complaints and other matters referred to it. The division is also responsible for implementation of agreed enforcement action.

Outcomes, Outputs, Performance Indicators and Targets

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020		2021/2022	2022/2023	2023/24
Effective, impartial investigation and enforcement processes to maintain transparency and integrity of our financial sector.	Completed cases within the timeframes as per the Case Selection Framework	Percentage of cases completed within the timeframes as per the case selection framework.	80% of cases completed within the timeframes	80% of cases completed within the timeframes	80% of cases completed within the timeframes	80% of cases completed within the timeframes as per the case selection framework	80% of cases completed within the timeframes as per the case selection framework	80% of cases completed within the timeframes as per the case selection framework	80% of cases completed within the timeframes as per the case selection framework
	Executed administrative sanctions within relevant timeframes	Percentage of administrative sanctions executed	New initiative	New initiative	New initiative	100% of administrative sanctions executed	90% of administrative sanctions executed within 60 business days of decision (permitted there is no appeal, review or reconsideration)	90% of administrative sanctions executed within 45 business days of decision (permitted there is no appeal, review or reconsideration)	90% of administrative sanctions executed within 30 business days of decision (permitted there is no appeal, review or reconsideration)
	Executed warrants from a Judge	Percentage of warrants obtained from	New initiative	New initiative	New initiative	100% of warrants obtained	100% of warrants obtained from a	100% of warrants obtained from a	100% of warrants obtained from a

Outcomes	Outputs	Output Indicator	Annual Targets						
			Audited/Actual Performance			Estimated Performance	MTEF Period		
			2017/18	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/24
	or magistrate within relevant timeframes	a magistrate or a judge executed within 10 days				from a judge or magistrate executed within 10 days	judge or magistrate executed within 10 days of receipt	judge or magistrate executed within 10 days of receipt	judge or magistrate executed within 10 days of receipt
	assistance provided for all requests from the South African law enforcement agencies	Percentage of requests from South African law enforcement agencies where assistance was provided.	New initiative	New initiative	New initiative	Provide assistance to 100% of requests received from South African law enforcement agencies	Provide assistance to 100% of requests received from South African law enforcement agencies within the requested date	Provide assistance to 100% of requests received from South African law enforcement agencies within the requested date	Provide assistance to 100% of requests received from South African law enforcement agencies within the requested date
	Assistance provided for all requests received from international regulators	Percentage of requests received from international regulators where assistance was provided.	New initiative	New initiative	New initiative	New initiative	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date

Indicators, Annual and Quarterly Targets

Output indicator	Annual target	Q1	Q2	Q3	Q4
Percentage of cases completed within the	80% of cases completed within the	N/A	N/A	N/A	80% of cases completed within the

Output indicator	Annual target	Q1	Q2	Q3	Q4
timeframes as per the case selection framework.	timeframes as per the case selection framework				timeframes as per the case selection framework at 31 March 2022
Percentage of administrative sanctions executed	90% of administrative sanctions executed within 60 business days of decision	90% of administrative sanctions executed	90% of administrative sanctions executed	90% of administrative sanctions executed	90% of administrative sanctions executed
Percentage of warrants obtained from a magistrate or a judge executed within 10 days	100% of warrants obtained from a judge or magistrate executed within 10 days of receipt	100% of warrants obtained from a judge or magistrate executed within 10 days of receipt	100% of warrants obtained from a judge or magistrate executed within 10 days of receipt	100% of warrants obtained from a judge or magistrate executed within 10 days of receipt	100% of warrants obtained from a judge or magistrate executed within 10 days
Percentage of requests from South African law enforcement agencies where assistance was provided.	Provide assistance to 100% of requests received from South African law enforcement agencies within the requested date	Provide assistance to 100% of requests received from law enforcement agencies within the requested date	Provide assistance to 100% of requests received from law enforcement agencies within the requested date	Provide assistance to 100% of requests received from law enforcement agencies within the requested date	Provide assistance to 100% of requests received from law enforcement agencies within the requested date
Percentage of requests received from international regulators where assistance was provided.	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date	Provide assistance to 100% of requests received from international regulators within the requested date

PART D: TECHNICAL INDICATOR DESCRIPTIONS

Programme: Administration

Indicator Title	Clean audit opinion (AGSA)
Definition	Monitors compliance with the PFMA/NT regulations requirements and GRAP standards
Source of data	AGSA external audit report FSCA Annual Report
Method of Calculation / Assessment	Audit opinion signed off by the AGSA FSCA Annual Report signed by the Commissioner
Means of verification	AGSA report FSCA Annual Report
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired performance	Sound financial and performance controls and reporting environment
Indicator Responsibility	Chief Risk Officer / Chief Financial Officer

Indicator Title	Percentage suppliers' invoices paid within 30 days
Definition	Monitors compliance with the PFMA/NT regulations requirements that supplier's accounts be settled within 30 days of receipt of a valid invoice, permitted that there are no outstanding queries on valid invoices.
Source of data	FSCA accounts payable records
Method of Calculation / Assessment	Number of suppliers paid within 30 days / total number of valid invoices received from suppliers (no unresolved queries) * 100
Means of verification	Management Accounts Report
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A

Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	100% of Suppliers valid invoices paid within 30 days, permitted that there are no outstanding queries,
Indicator Responsibility	Chief Financial Officer

Indicator Title	Percentage levies invoiced, collected
Definition	<p>This TDI measures the efficiency of the FSCA's invoicing and collection of levies due by regulated entities.</p> <p>In the absence of the Money Bill, Section 15A(1) of the FSB Act 7 of 1990 was kept alive to give mandate to the FSCA to collect levies. This was done in terms of notice number: 384 of 2019</p>
Source of data	<ul style="list-style-type: none"> Finance Department's quarterly business plan feedback reports FSCA financials Invoices
Method of Calculation / Assessment	Levies collected / total amount of levies invoiced * 100
Means of verification	Management Accounts Report
Assumptions	N/A
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A/N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired performance	98% collection of levies invoiced
Indicator Responsibility	Chief Financial Officer

Indicator Title	Percentage of penalties invoiced, collected within 30 days
Definition	This indicator measures that penalties that have been invoiced are collected within 30 days, permitted that the parties have signed the penalty order and there are no payment arrangements between parties.
Source of data	One or more of the following documents may be used as source of evidence:

	<ul style="list-style-type: none"> Penalty runs Memorandum of approval from the relevant DE Invoices issued
Method of Calculation / Assessment	<p>Total penalty amount collected / Total penalty amounts due (amount for which penalty orders have been signed) *100</p> <p>NOTE: Where there is a pay-off arrangement, the amount due will be taken into account for calculation purposes.</p>
Means of verification	Management accounts
Assumptions	<p>The penalties should be collectable. This means the following:</p> <ul style="list-style-type: none"> Appealed penalty would not constitute a collectable penalty - In this regard the penalty will therefore only be measured after the finalisation of the appeal process. Payment arrangements where large sums are involved - FSCA will only be measured on collection of a penalty in line with agreed payment schedule. Some companies/persons going into liquidation immediately after penalties - the penalties would not be considered as collectable and therefore should be not measured for the purpose of this indicator.
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired performance	Collect 100% of collectable penalties invoiced
Indicator Responsibility	Chief Financial Officer

Indicator Title	Percentage achievement of FSCA EE targets
Definition	This indicator measures whether the approved EE targets are met.
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> HR report to Exco/TMC HR reports to NT (as part of the performance reports)
Method of Calculation / Assessment	Comparison between targeted percentages and actual achieved percentages
Means of verification	Quarterly report on EE targets
Assumptions	N/A

Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: 50% Target for Youth: N/A Target for People with Disabilities: 1%
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	<ul style="list-style-type: none"> 50% female 50% males; 2% employees with disabilities; 90% from the black group: <ul style="list-style-type: none"> 79% African 7% Coloured 4% Indian 10% from white group
Indicator Responsibility	Divisional Executive: Corporate Services

Indicator Title	Percentage of IRS Project milestones implemented according to the IRS Project Charter by 31 March 2022.
Definition	This technical indicator measures the implementation in accordance to the milestones specified in the approved IRS Project Charter in order to successfully implement the IRS system in the FSCA by 2024.
Source of data	<ul style="list-style-type: none"> IRS Project Charter IRS Project Plan Procurement Plan Updates. IRS Project Reports IRS Project Steering Committee Report and minutes Any other evidence indicating implementation of project milestones as per the IRS Project Charter
Method of Calculation / Assessment	Number of IRS Project Charter milestones implemented in 2021/22 / Total number of IRS Project Charter milestones planned for the 2021/22 financial year * 100
Means of verification	IRS Project Reports
Assumptions	N/A
Disaggregation of Beneficiaries (where applicable)	N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Cumulative
Reporting Cycle	Annually

Desired performance	Implement 10% of project milestones according to the IRS Project Charter by 31 March 2022.
Indicator Responsibility	Chief Information Officer

Indicator Title	Number of media engagements conducted
Definition	This indicator measures whether planned activities were carried out as per the Communication Strategy.
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> • Communications & Languages Services department's annual Business Plan • Communications & Languages Services department's quarterly Business Plan feedback reports • Media engagement register • Communications & Languages Services department's Coordinating Committee reports • Email confirmation of media engagement initiatives • Communication Strategy Document • Communications & Languages Services reports to Exco/TMC
Method of Calculation / Assessment	Number of actual media engagements that has taken place against number of media engagements planned per quarter (Simple count).
Means of verification	Communication Strategy
Assumptions	This target is based on the assumption that there are not budget constraints and that the media is available upon invitation or request
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly progress toward annual target
Desired performance	<p>Desired performance for the financial year:</p> <ul style="list-style-type: none"> • 8 broadcast media interviews • 8 community radio interviews • 4 media round tables • 1 media survey • 4 media monitoring reports • 4 FSCA newsletter • 4 "FSCA Our Voice"1

	<ul style="list-style-type: none">• 1 FSCA television advert
Indicator Responsibility	Divisional Executive: Corporate Services

1 Programme: Licensing and Business Centre

Indicator Title	Percentage of licence applications completed within the 90 days (where all the information has been received)
Definition	The indicator measures that all license applications received are processed within 90 days.
Source of data	<ul style="list-style-type: none"> • Reports from the Magic system • Various SLCs • Minutes of meeting of TMC on the approval the licence
Method of Calculation / Assessment	<p>All licence applications received and completed (including applications received in the previous reporting periods) within the 90 dayss / total number of license applications received during the period + the remainder from previous quarters*100</p> <p>NOTE:</p> <p>Only applications where all the information has been received will be taken into consideration for the calculation</p>
Means of verification	Magic/Workflow reports on licence applications
Assumptions	<p>This will be achieved provided: -</p> <ul style="list-style-type: none"> • Fully completed applications are received from the applicant • All required supporting documentation and any additional information are submitted by the applicant • Clear business models are submitted by applicant • All queries raised by the regulator are responded to by the applicant within the required time frames and responses should be clear • Verifications from outside parties are received within the required timeframes i.e. but not limited to regulators, verification agents, SAPS, etc • Concurrence of the Prudential authority is received timeously
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A

Indicator Title	Percentage implementation of the Business Centre Strategy Implementation Plan
Definition	The indicator measures whether the Business Centre Strategy Implementation plan initiatives are executed as planned to ensure implementation of the Business Centre Strategy.
Source of data	<ul style="list-style-type: none"> Business Centre Strategy Implementation Plan Any other means of verification that planned initiatives were executed as envisaged, i.e. emails, meeting minutes, physical sign-off etc.
Method of Calculation / Assessment	Number of Business Centre Strategy Implementation Plan initiatives executed as planned / Number of Business Centre Strategy Implementation Plan initiatives planned for the 2021/22 financial year * 100
Means of verification	Business Centre Strategy Implementation Plan
Assumptions	N/A
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired performance	Implement 80% of the initiatives as per the Business Centre Strategy Implementation Plan by 31 March 2022
Indicator Responsibility	DE: Licensing and Business Centre
Calculation Type	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Complete 80% of licence applications received within SLC where all the information has been received)

Indicator Title	Percentage implementation of the Business Process Improvement Strategy Implementation Plan
Definition	The indicator measures whether the Business Process Improvement Strategy Implementation Plan initiatives are executed as planned to

	ensure implementation of the Business Process Improvement Strategy.
Source of data	<ul style="list-style-type: none"> Business Process Improvement Strategy Implementation Plan Any other means of verification that planned initiatives were executed as envisaged, i.e. emails, meeting minutes, physical sign-off etc.
Method of Calculation / Assessment	Number of Business Process Improvement Strategy Implementation Plan initiatives executed as planned / Number of Business Process Improvement Strategy Implementation Plan initiatives planned for the 2021/22 financial year * 100
Means of verification	Business Process Improvement Strategy Implementation Plan
Assumptions	N/A
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Calculation Type	Non-cumulative
Reporting Cycle	Annually
Desired performance	Implement 80% of the initiatives as per the Business Process Improvement Strategy Implementation Plan by 31 March 2022
Indicator Responsibility	DE: Licensing and Business Centre

Indicator Title	Percentage implementation of the Annual Research plan to support Consumer Insights, Regulatory Frameworks, Market Trends and Supervisory Best practices
Definition	This indicator measures the extent of implementation of the Annual Research plan
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Annual research plan Other supporting documentation for proof of evidence that Annual research initiatives have taken place. Regulatory policy business plan

Method of Calculation / Assessment	Number of Annual research initiatives implemented / Number of Annual research initiatives planned * 100
Means of verification	Annual Research Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	90% achievement of targets of the Annual Research Plan by 31 March 2022
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Number of training and support programmes held in the SADC region
Definition	This indicator aims to measure the delivery of familiarisation programmes.
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Invitation to Familiarisation programme Attendance register of Familiarisation programme
Method of Calculation / Assessment	Report on technical training and support in SADC region
Means of verification	Simple count
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A

Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Hold 1 familiarisation programme by 31 March 2022.
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage implementation of the FSCA Inclusion Strategy Implementation Plan
Definition	This indicator measures that the FSCA Inclusion Strategy Implementation plan initiatives for the annum are carried out in accordance to the plan in order to achieve the greater objectives of the Inclusion Strategy.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Approved annual FSCA Inclusion Strategy Implementation Plan • Other supporting documentation for proof of evidence that the annual FSCA Inclusion Strategy Implementation plan initiatives have taken place.
Method of Calculation / Assessment	Number of annual FSCA Inclusion Strategy Implementation plan initiatives implemented / Number of Annual FSCA Inclusion Strategy Implementation plan initiatives planned * 100
Means of verification	Annual FSCA Inclusion Strategy Implementation Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually

Desired performance	80% of the FSCA Inclusion Implementation Plan by 31 March 2022
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage implementation of the FSCA Transformation Strategy Implementation Plan
Definition	This indicator measures that the FSCA Transformation Strategy Implementation Plan initiatives for the annum are carried out in accordance to the plan in order to achieve the greater objectives of the Transformation Strategy.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Approved annual FSCA Transformation Strategy Implementation Plan • Other supporting documentation for proof of evidence that the annual FSCA Transformation Strategy Implementation plan initiatives have taken place.
Method of Calculation / Assessment	Number of annual FSCA Transformation Strategy Implementation Plan initiatives implemented / Number of Annual FSCA Transformation Strategy Implementation Plan initiatives planned * 100
Means of verification	Annual FSCA Transformation Strategy Implementation Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	80% of the FSCA Transformation Strategy Implementation Plan by 31 March 2022
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage Implementation of the Financial Sector Harmonisation Project Plan
Definition	This indicator measures that the Financial Sector Harmonisation Project Plan initiatives for the annum are carried out in accordance to the plan.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Approved annual Financial Sector Harmonisation Project Plan • Other supporting documentation for proof of evidence that the annual Financial Sector Harmonisation Project Plan initiatives have taken place.
Method of Calculation / Assessment	Number of annual Financial Sector Harmonisation Project Plan initiatives implemented / Number of Annual Financial Sector Harmonisation Project Plan initiatives planned * 100
Means of verification	Annual Financial Sector Harmonisation Project Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Achievement of 80% of the milestones as per the Financial Sector Harmonisation Project Plan by 31 March 2022
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage Implementation of the Regulatory Framework Transition Project Plan by DE: Regulatory Policy
Definition	This indicator measures that the Regulatory Framework Transition Project Plan initiatives for the annum are carried out in accordance to the plan.
Source of data	One or more of the following documents may be used as source of

	<p>evidence:</p> <ul style="list-style-type: none"> • Approved annual Regulatory Framework Transition Project Plan • Other supporting documentation for proof of evidence that the annual Financial Regulatory Framework Transition Project Plan initiatives have taken place.
Method of Calculation / Assessment	Number of annual Regulatory Framework Transition Project Plan initiatives implemented / Number of Annual Regulatory Framework Transition Project Plan initiatives planned * 100
Means of verification	Annual Regulatory Framework Transition Project Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Achievement of 80% of the milestones as per the Regulatory Framework Transition Project Plan by 31 March 2022
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Number of Financial literacy and consumer education initiatives conducted.
Definition	This indicator measures the financial literacy and consumer education initiatives are conducted a planned.
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> • Regulatory Policy business plan • Other supporting documentation for proof of evidence that Annual CED initiatives have taken place. • Email communications to media houses • Radio recording • Attendance register

	<ul style="list-style-type: none"> Research and monitoring and evaluation reports on consumer education activities
Method of Calculation / Assessment	Simple count
Means of verification	Financial literacy and consumer education reports
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	<ul style="list-style-type: none"> 55 workshops conducted 15 media activities 16 exhibitions 1 Money Smart Week FSCA activity implemented 83 Speech Competition activities 3 resources developed 5 research and M&E reports/case studies 4 reports on online activities
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage response Rate to Fintech Queries submitted to RGU related to FSCA mandate within 28 days of receipt.
Definition	This indicator measures financial technology queries received that are submitted to RGU responded to within the required timelines as stipulated in the RGU SLA
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <p>RGU Reporting Document</p>

Method of Calculation / Assessment	Number of queries received by RGU relating to FSCA that was dealt with within RGU SLA / Total number of queries received by RGU relating to FSCA * 100
Means of verification	Report on responses on Fintech queries
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Respond to 90% of queries received by the FSCA within 28 days of receipt
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage of RSB Sandbox Cohorts test cases completed within six months after defining parameters
Definition	<p>As per indicator aims to measure the delivery of RSB cohort test cases completed.</p> <p>Resolution means that the outcome is either a pass or fail. This simply means a result is provided to the applicant.</p>
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <p>Sandbox Cohorts log / report</p>
Method of Calculation / Assessment	Number of RSB test cases completed within 6 months after defining parameters / Total number of RSB test cases received that were taken to the cohorts * 100
Means of verification	Report on Fintech regulation Sandbox Cohorts
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A

Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Resolution of 90% of RSB test cases within six months after defining parameters
Indicator Responsibility	DE: Regulatory Policy

Indicator Title	Percentage implementation of the projects in the innovation accelerator (IA) annual plan
Definition	This indicator measures whether the activities in the annual plan are implemented
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> Report on Innovation Accelerator Completed IA project document
Method of Calculation / Assessment	Number of projects implemented / planned projects as per the IA Annual Plan * 100
Means of verification	Report on Innovation Accelerator
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	90% achievement of annual targets of the IA annual plan by 31 March 2022.
Indicator Responsibility	DE: Regulator Policy

2 Programme: Conduct of Business Supervision

Indicator Title	Number of awareness programmes held with communities utilising banking services
Definition	This indicator measures awareness projects held with communities utilising banking services.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> Attendance register Report to EXCO
Method of Calculation / Assessment	Simple count
Means of verification	Reports on training and support programme for communities utilising banking services
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	To hold 5 awareness programmes to educate Communities utilising banking services
Indicator Responsibility	DE: Conduct of Business Supervision

Indicator Title	Number of workshops conducted to provide up-skill training for small financial service providers
Definition	The indicator aims to measure the FSCA's efforts in promoting transformation of the financial services industry by providing workshops conducted to provide up-skill training for small financial services providers (FSPs)
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> CoB business plan Other supporting documentation for proof of evidence that training for small financial services initiatives have taken place. Attendance registers Invitation and agendas for workshops Report to Exco on the workshops provided
Method of Calculation / Assessment	Simple count

Means of verification	Reports on training and support programme for small financial services providers
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Conduct 9 workshops to provide up-skill training for small financial services providers (FAI 6 and Micro 3)
Indicator Responsibility	DE: Conduct of Business Supervision

Indicator Title	Number of empowerment workshops conducted with SMMEs
Definition	This indicator measures the number of workshops aimed at small medium and micro sized business enterprises
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Attendance registers Reports to Exco Minutes of Exco meeting
Method of Calculation / Assessment	Simple count
Means of verification	Reports on empowerment workshops with SMMEs
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of Calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Conduct 8 empowerment workshops with SMMEs

Indicator Responsibility	DE: Conduct of Business Supervision
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Indicator Title	Number of on-site inspections conducted on regulated entities
Definition	This indicator measures on-site inspections conducted on regulated entities.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Inspections reports • On-site visit / Inspection plan • Magic reports
Method of Calculation / Assessment	Simple count
Means of verification	Report on onsite inspections conducted on regulated entities
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	122 onsite inspections.
Indicator Responsibility	DE: Conduct of Business Supervision

Indicator Title	Percentage of statutory returns analysed for FSPs
Definition	Financial Service Providers (FSPs) consists all business offering financial advice and/or intermediary services This indicator measures the compliance with the departmental supervisory plan Conduct of business departments with the analysis of financial statements received of regulated FSPs that are not also regulated by the Prudential Authority
Source of data	<ul style="list-style-type: none"> • Database of regulated financial service providers • Tracking register of compliance reports received • Feedback report/letter/confirmation of off-site review
Method of Calculation / Assessment	Number of off-site analysis performed / Total number of regulated entities that submitted * 100
Means of verification	Report on analysis of compliance returns
Assumptions	All regulated entities will submit compliance reports for off-site analysis

Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Perform 80% off-site analysis on statutory returns received from registered Financial service providers (FSP)
Indicator Responsibility	DE: Conduct of Business Supervision

Indicator Title	Percentage of insurer conduct of business returns analysed
Definition	Insurers consists of all Long- and Short-term insurance providers as regulated by the FSCA which are earmarked for review in the 2021/22 financial year.
Source of data	<ul style="list-style-type: none"> Database of all Long- and Short-term insurance providers earmarked for review in the 2021/22 financial year. 2021/22 Supervisory Plan Tracking register of compliance reports received Feedback report/letter/confirmation of off-site review
Means of verification	Report on off-site analysis performed
Method of Calculation / Assessment	Number of off-site analysis performed / Total number of insurers that submitted and was earmarked for review in the 2021/22 financial year * 100
Assumptions	All insurers will submit compliance reports for off-site analysis
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Perform offsite analysis on 80% of the conduct of business returns submitted by insurers earmarked for review in the 2021/22 financial year
Indicator Responsibility	DE: Conduct of Business Supervision

Indicator Title	Percentage of desktop reviews conducted for investment providers
Definition	The indicator measures desktop reviews conducted on financial statements of investment providers. Investment providers consists of all Collective Investment Schemes and Hedge Funds as regulated by the FSCA
Source of data	<ul style="list-style-type: none"> • Database of investment providers • Tracking register of compliance reports received for investment providers • Feedback report/letter/confirmation of off-site review
Method of Calculation / Assessment	Number of desktop reviews conducted/ Total number of returns submitted by investment providers *100.
Means of verification	Report on desktop reviews conducted
Assumptions	All investment providers will submit compliance reports for off-site analysis
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Conduct desktop reviews on statutory returns of 80% of investment providers
Indicator Responsibility	DE: Conduct of Business Supervision

3 Programme: Market Integrity Supervision

Indicator Title	Number of inspections per Credit Rating Agency per annum conducted
Definition	This indicator measures that one inspection is conducted for each of the Credit Ratings Agency listed per annum.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Supervisory plan • Other supporting documentation for proof of evidence that Market Integrity supervisory initiatives have taken place (i.e. inspections reports, inspections register etc.). • Market Integrity Supervision business plan
Means of verification	Feedback letters on inspections conducted to Credit Rating Agencies
Method of Calculation / Assessment	Simple count
Assumptions	3 Credit Rating Agencies currently listed in South Africa. Should another agency be listed in the future, it will also be covered.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Conduct 1 inspection per Credit Rating Agency per annum (virtual or physical)
Indicator Responsibility	DE: Market Integrity Supervision

Indicator Title	Number of Annual report and Compliance Reports assessed per CRAs per annum
Definition	This indicator measures that statutory annual report and compliance reports submitted by Credit Rating Agencies are assessed annually. CRAs are required to submit annual reports and compliance reports in terms of section 15 and 16 of the Credit Rating Services Act No 24 of 2012. CRAs are obligated to submit the annual report and compliance reports by 30 June each year.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Risk-based supervisory plan

	<ul style="list-style-type: none"> Compliance Reports received from Credit Ratings Agencies Feedback/Response letters to Credit Ratings Agencies Market Integrity Supervision business plan Credit Rating Services Act No 24 of 2012
Means of verification	Acknowledgement and Feedback letters to Credit Rating Agencies
Method of Calculation / Assessment	Simple count
Assumptions	3 Credit Rating Agencies currently listed in South Africa. Should another agency be listed in the future, it will also be covered.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	Assess 1 Annual report and Compliance Report per CRAs per annum (3 in total)
Indicator Responsibility	DE: Market Integrity Supervision

Indicator Title	Number of post licensing reviews conducted for ODPs
Definition	The indicator measures the regulation and supervision processes utilised to strengthen the efficiency and integrity of our financial markets
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Post licensing review plan Post licensing review invite letters Post licensing review reports
Method of Calculation / Assessment	Simple count
Means of verification	Post licensing review feedback letters
Assumptions	The FSCA expects several applications to be approved for the next 2 – 3 financial years.
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A

Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Conduct 2 post licensing reviews for ODPs by 31/3/2022
Indicator Responsibility	DE: Market Integrity Supervision

Indicator Title	Number of inspections conducted for Market Infrastructures and SROs (virtual or physical)
Definition	This indicator measures inspections conducted for Market Infrastructures and SROs, conducted virtually or physically.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Supervisory plan for Market Infrastructures and SROs • Other supporting documentation for proof of evidence that Market Infrastructures and SROs initiatives have taken place (i.e. inspections reports, invitation letters etc.) • Market Integrity Supervision business plan
Method of Calculation / Assessment	Simple count
Means of verification	Feedback letters/reports on inspections conducted to Market Infrastructures and Self-Regulating Organisations
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Conduct 3 inspections for Market Infrastructures and SROs (virtual or physical) by 31/3/2022.
Indicator Responsibility	DE: Market Integrity Supervision

4 Programme: Retirement Funds

Indicator Title	Percentage of inspections (on-site, desktop or virtual) conducted relating to Retirement Funds.
Definition	This indicator sets out to measure the percentage of inspections (on-site, desktop or virtual) conducted relating to Retirement Funds.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Retirement Funds business plan / risk-based supervisory plan • Inspections reports. • Desktop review reports. • Virtual review reports. • Memorandums relating to provisions to conduct onsite/desktop reviews. • System reports for on-site inspections (virtual or physical) conducted.
Method of Calculation / Assessment	Number of inspections conducted (on-site, desktop or virtual) / Total number of Retirement Funds planned for inspection as per the supervision plan * 100 Note: <ul style="list-style-type: none"> • For Desktop reviews – inspection conducted equals the date of the on-site inspection report. • For on-site visits – inspection conducted equals the date of visit • For virtual inspection – inspection conducted equals the date of virtual meeting.
Means of verification	Risk-based supervisory plan Attendance registers On-site inspection report/desk top reports or memos
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	80% of inspections conducted as per the risk-based supervisory plan (on-site, desktop or virtual)
Indicator Responsibility	DE: Retirement Funds Supervision

Indicator Title	Percentage of returns received from registered funds analysed (off-site reviews) within agreed timeframes
Definition	<p>This indicator sets out to measure the percentage of off-site returns analysed from registered funds within agreed timeframes.</p> <ul style="list-style-type: none"> High risk funds - Analyse financial statements within 30 working days from receipt thereof. Low risk funds - Analyse financial statements of within 180 calendar days from receipt thereof.
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Retirement Funds business plan System report for Retirement fund submissions to be analysed (where all information received is complete and correct) Off-site visits query letters Cases completed / closed relating to the submissions analysed System report for Retirement fund submissions analysed
Method of Calculation / Assessment	Number of off-site returns analysed within agreed timeframes / Total number of returns received (where information is complete) from registered Retirement Funds regulated * 100
Means of verification	Report on percentage of off-site returns analysed Retirement Funds Supervision Business Plan
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	80% of returns received from registered funds analysed (off-site reviews) within agreed timeframes
Indicator Responsibility	DE: Retirement Funds Supervision

Indicator Title	Percentage adherence to Retirement Funds SLC
Definition	The indicator measures the compliance to the Service Level Commitments of the Retirement Funds divisions with the industry
Source of data	<p>One or more of the following documents may be used as source of evidence:</p> <ul style="list-style-type: none"> Retirement Funds business plan

	<ul style="list-style-type: none"> • System reports on SLC • System automatically calculated reports • SLC document
Method of Calculation / Assessment	<p>All cases received from Retirements funds actioned within SLC / All cases received from Retirement Funds * 100</p> <p>(calculated by the system based on the SLC document)</p>
Means of verification	Reports on compliance with SLC
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	80% adherence to Retirement Funds SLC
Indicator Responsibility	DE: Retirement Funds Supervision

5 Programme: Enforcement

Indicator Title	Percentage of cases completed within the timeframes as per the case selection framework.
Definition	This indicator measures the efficiency with which cases are completed
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Case Selection Framework • Other supporting documentation for proof of evidence that enforcement cases have been completed • Enforcement business plan
Method of Calculation / Assessment	Number of actual enforcement cases completed within timeframes as per case selection framework / Number of actual enforcement cases received in line with the case selection framework * 100
Means of verification	Report on cases completed within the required timeframes
Assumptions	The assumption is that all cases received will not have any of the cases thrown out. If any case is thrown in line with the selection framework, then it does not form part of the denominator
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	80% or more cases completed within the timeframes as per the case selection framework at 31 March 2021.
Indicator Responsibility	DE: Enforcement

Indicator Title	Percentage of administrative sanctions executed
Definition	This indicator measures that administrative sanctions are imposed or executed with reference to penalties, debarments, suspension, withdrawal and revocation of licenses and directives, enforceable undertakings accepted. Every such sanction will be executed in terms of the above and published within 60 business days of decision (permitted there is no appeal, review or reconsideration).
Source of data	One or more of the following documents may be used as source of evidence:

	<ul style="list-style-type: none"> Sanctions issued Sanctions published FSCA website
Method of Calculation / Assessment	Number of administrative sanctions executed/ Number of administrative sanctions issued* 100
Means of verification	Report on administrative sanctions executed
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Annually
Desired performance	90% of administrative sanctions executed within 60 business days of decision
Indicator Responsibility	DE: Enforcement

Indicator Title	Percentage of warrants obtained from a magistrate or a judge executed within 10 days
Definition	This indicator measures the percentage of warrants issued by a magistrate or Judge that were executed within 10 days
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> Warrants issued Register of warrants executed
Method of Calculation / Assessment	Number of warrants executed/ Number of warrants issued* 100
Means of verification	Report on the percentage of warrants from a judge or magistrate executed
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> Target for Women: N/A Target for Youth: N/A Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Execute all warrants issued by magistrate or Judge within 10 days
Indicator Responsibility	DE: Enforcement

Indicator Title	Percentage of requests from South African law enforcement agencies where assistance was provided.
Definition	This indicator measures the assistance on requests submitted by SAPS and NPA on assistance and litigation support on cases where we have jurisdiction
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Requests from NPA and SAPS • List of cases where assistance was provided • Request & Prosecution assistance register
Method of Calculation / Assessment	Number of cases where assistance was provided/ Number of requests received * 100
Means of verification	Report on the assistance provided to law enforcement agencies
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Provide assistance to 100% of requests received from South African law enforcement agencies (NPA and SAPS) where we have jurisdiction.
Indicator Responsibility	DE: Enforcement

Indicator Title	Percentage of requests received from international regulators where assistance was provided.
Definition	This indicator measures the assistance on requests submitted by international regulators (of similar nature to the FSCA) on valid MMoU & MoU cases for assistance and litigation support.
Source of data	One or more of the following documents may be used as source of evidence: <ul style="list-style-type: none"> • Requests from Regulatory Liaison department • List of cases where assistance was provided
Method of Calculation / Assessment	Number of cases where assistance was provided/ Number of

	requests received * 100
Means of verification	Report on the assistance provided to international regulators
Assumptions	None
Disaggregation of Beneficiaries (where applicable)	<ul style="list-style-type: none"> • Target for Women: N/A • Target for Youth: N/A • Target for People with Disabilities: N/A
Spatial Transformation (where applicable)	N/A
Type of calculation	Non-cumulative
Reporting Cycle	Quarterly
Desired performance	Provide assistance to 100% of requests received from international regulators on valid MMoU & MoU cases
Indicator Responsibility	DE: Enforcement

FINANCIAL SECTOR CONDUCT AUTHORITY



MATERIALITY AND SIGNIFICANCE FRAMEWORK

FINANCIAL YEAR 2021/22

1. SCOPE

The Commissioner of the Financial Sector Conduct Authority (FSCA) is responsible for developing a Materiality and Significance Framework that must be updated annually before the start of the financial year. The Materiality and Significance Framework must be incorporated into the Strategic Plan of the FSCA and the annual report should detail the framework applied during the year.

2. LEGISLATIVE REQUIREMENTS

Section 54(2) of the Public Finance Management Act (Act no. 1 of 1999) (PFMA) requires the accounting authority (the Commissioner) to inform the relevant treasury and submit relevant particulars to its executive authority (in both cases National Treasury) for approval in respect of any of the following qualifying transactions:

- participation in a **significant** partnership, trust, unincorporated joint venture or similar arrangements [section 54(2)(b)];
- acquisition or disposal of a **significant** shareholding in a company [section 54(2)(c)];
- acquisition or disposal of a **significant** asset [section 54(2)(d)];
- commencement or cessation of a **significant** business activity [section 54(2)(e)]; and
- a **significant** change in the nature or extent of its interest in a significant partnership, trust, unincorporated joint venture or similar arrangement [section 54(2) (f)].

Section 55(2) (b) (i) of the PFMA requires the annual report and financial statements of a public entity to “include particulars of any **material** losses through criminal conduct and **any** irregular, fruitless and wasteful expenditure that occurred during the financial year”.

In terms of section 55(1) (d) of the PFMA the annual report and financial statements of the FSCA must be submitted to the National Treasury. Based on the submitted information, the National Treasury may decide to conduct further investigations into the activities of the FSCA. As a result, it is important for the FSCA to set the materiality and significance amount at an appropriate level to ensure that the correct information is included in the annual report and financial statements to the National Treasury.

The Treasury Regulations regarding materiality and significance as amended in May 2002 include the following:

- TR 28.1.5 – “for purposes of materiality (sections 50(1), 55(2) and 66(1) of the PFMA) and significance (section 54(2) of the PFMA), the Commissioner must develop and agree a framework of acceptable levels of materiality and significance with National Treasury in consultation with the external auditors.”
- TR 28.2.1 – “The annual report of public entities shall detail the materiality / significance framework applied during the financial year.”
- TR 301.3(e) – The strategic plan must include the materiality / significance framework.’

3. DEFINING “MATERIALITY” AND “SIGNIFICANCE”

3.1 Materiality

Materiality is defined in the *Handbook of International Auditing, Assurance, and Ethics Pronouncements* (2005 edition) as follows:

“Information is material if its omission or misstatement could influence the *economic decisions of users taken* on the basis of the financial statements. Materiality depends on the size of the item or error judged in the particular circumstances of its omission or misstatement. Thus, materiality provides a threshold or cutoff point rather than being a primary qualitative characteristic which information must have if it is to be useful.”

The materiality of losses through criminal conduct, irregular expenditure and fruitless and wasteful expenditure should be evaluated both individually and in aggregate.

3.2 Significance

Significant is defined as “extensive or important enough to merit attention” and may, therefore, be interpreted as of relative importance to the FSCA as a whole. Thus, a transaction will be significant if conducting the transaction is vitally important in order to fulfill the FSCA’s mandate and for it to operate effectively. These types of transactions could include a major re-structuring of the balance sheet through changes in financing or accounting policies, etc.

As with “materiality” there is no set rule for calculating a “significant monetary value”. The FSCA should consider the importance of the transaction, that is, the impact of the transaction on the FSCA as a whole.

From the interpretations above, it is evident that there is a difference between “materiality” and “significance”. Significant is larger than material, as a significant transaction impacts on the FSCA as a whole. An occurrence may be material but not necessarily significant, whereas any occurrence that is significant will be material.

The materiality amount calculated by the FSCA should not exceed the amount determined (reviewed annually) by the external auditors, because it could indicate a difference of opinion regarding the materiality of misstatements.

4. DETERMINING THE MATERIALITY / SIGNIFICANCE LEVELS

Factors to consider in determining the materiality and significance levels for the FSCA include, but are not limited to:

4.1 Nature of the FSCA business

The FSCA should be guided by its accountability and the sensitivity of its accounts, activities and functions regarding its regulatory duties. The FSCA should also consider the impact that its materiality and significance framework, and therefore the information reported to the National Treasury, could have on decisions and actions taken by the National Treasury.

4.2 Statutory requirements

Materiality and significance levels may be influenced by considerations such as the legal impact of the Acts administered by the FSCA, as well as those Acts with which the FSCA is required to comply with. The FSCA should consider all pertinent statutory requirements in formulating its materiality and significance framework.

4.3 Risks

There is an inverse relationship between materiality / significance and the level of risk; that is, the lower the risk, the higher the materiality / significance level, and vice versa. For example, where the internal controls preventing / detecting irregular, fruitless or wasteful expenditure are insufficient, the control risk is high and the materiality needs to be set at a lower level. The FSCA considers risk management limits set for operational transactions.

4.4 Quantitative and qualitative factors

The FSCA takes both quantitative (amount) and qualitative (nature) factors into consideration. Although significance may contain quantitative elements, it may require more qualitative considerations in comparison to materiality. This in turn requires professional judgment and particular regard for the specific transaction in the context of the FSCA as a whole. Due to the fact that the decision as to which qualitative factors should be considered in setting the significance level requires notably more professional judgment, the Commissioner should consider this decision.

4.5 Nature of the transaction

In setting a monetary value for significance, it may be practicable to differentiate between the following two types of transactions:

- transactions that are operational in nature, that is, part of the FSCA's normal, everyday business of regulating financial institutions; and
- transactions that are strategic in nature, that is, outside the FSCA's normal, everyday business or transactions that are non-routine or that would impact on the business or financial position of the FSCA as a whole.

Losses resulting from criminal conduct may be seen as material based on the public accountability of the FSCA, regardless of the monetary value of the loss.

Refer to Annexure A for the materiality / significance factors that have been taken into account in arriving at the Materiality and Significance Level for the FSCA.

5. COMPLIANCE

To ensure compliance to the PFMA the following steps will be taken:

	DETAIL	• Person Responsible	• Date
1	Review materiality and significance framework in consultation with Auditor-General	CFO	As per Treasury guidelines
2	Approval of framework	Commissioner	Annually - January
3	Include framework in corporate plan and strategic plan	CFO	As per Treasury submission schedule
4	Include framework in annual report	CFO	Annually – July to August
5	Include particulars of any losses through criminal conduct, irregular, fruitless and wasteful expenditure that occurred during the financial year in the annual report	CFO	Annually - July
6	Maintain a register on all irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year	CFO	Ongoing
7	Maintain a register of any losses through criminal conduct that occurred during the financial year	HoD - HR	Ongoing
8	Report all material / significant items to the Commissioner	CFO	As and when they occur

ANNEXURE A

DETERMINING THE MATERIALITY AND SIGNIFICANCE LEVELS

1. APPROACH

To determine the materiality and significance levels, the following principles will be applied:

1.1 Main factor to determine material amount

The operating requirements of the FSCA are to ensure that all its expenses are recovered through levies and fees, levies being the major category of income.

The factor that is taken into account in calculating the materiality amount is budgeted total revenue for the next financial year.

1.2 Percentage to be used

The percentage used is calculated based on the following factors as a guideline:

- percentage used in prior year;
- percentage used by Auditor-General in determining the external audit materiality amount; and
- comparison with possible external entities.

The percentage will be adjusted taking qualitative factors into consideration.

2. PARAMETERS TO USE FOR MATERIALITY FACTOR

2.1 Revenue Budget

Revenue Categories	2021/22 R'000	2020/21 R'000	2019/20 R'000
Levies*	864 481	902 468	835 110
Fees**	93 673	31 293	31 293
Interest received	13 093	21 500	29 507
Other income	47 293	5 000	20 000
Total revenue	1 018 540	960 260	915 910

* The decrease in the budgeted levies for the 2021/22 financial year is due to the use of the FSB Levy Gazette model while the 2020/21 Levies were budget were prepared under the assumption of the Money/Levies Bill being promulgated.

** The increase in the budgeted fees is from the banking sector pending Money Bill.

2.3 Basis percentage to be used

As stated in the framework, the materiality amount should not be more than the materiality amount as determined for external audit purposes. The auditors are applying revenue when determining audit materiality due to the fact that FSCA generates its own revenue.

It is therefore recommended that 0.5% is used on total revenue budget to determine the materiality level for the FSCA for the financial year 2021/22.

3. Qualitative factors

The following qualitative factors are considered:

DETAIL	• IMPACT ON RISK	• PERCENTAGE
<ul style="list-style-type: none"> Internal control framework <p>The following processes are in place to enhance the internal control framework of the FSCA:</p> <ul style="list-style-type: none"> Quality Management System (ISO 2000: 9001) Fraud prevention plan Financial policies Internal audit based on risks identified Detailed delegations for operational and regulatory actions Supply chain management Clean audit report in the previous year Proper risk assessment performed 	Reduce	(10%)
<ul style="list-style-type: none"> Professional judgment <ul style="list-style-type: none"> Long-term impact due to insufficient legislation, regulations and approvals Short-term impact due to regulatory decisions made that have a negative impact on industry and may lead to legal actions against the FSCA 	Increase Increase	5% 20%
<ul style="list-style-type: none"> Fraud <ul style="list-style-type: none"> Bribery accepted by management and analysts in the performance of their regulatory functions, e.g. accepting gifts from regulated entities in exchange for not acting against non-compliance 	Increase	5%
<ul style="list-style-type: none"> TOTAL IMPACT OF QUALITATIVE FACTORS 	Increase	20%

4. FINAL PERCENTAGE APPLIED

Description	2021/22 %	2020/21 %	2019/20 %
Base percentage	0.50	0.50	0.50
Qualitative impact (20% of 0.005)	0.001	0.001	0.001
Percentage to be used	0.5	0.50	0.50

The materiality level will therefore be reduced with the above risk impact percentage determined.

5. CALCULATION OF MATERIALITY AMOUNT

Description	2021/22	2020/21	2019/20
Total revenue budget	1 018 539 900	960 260 460	R915 909 771
Percentage used	0.50%	0.50%	0.50%
Materiality amount	R5 092 700	R4 801 302	R4 579 549

6. CONCLUSION

Based on the above, the materiality amount recommended for the FSCA for the 2021/22 financial year is R5 092 700 (2020/21: R4 801 302).

FINANCIAL SECTOR CONDUCT AUTHORITY



FSCA BUDGET 2021/22

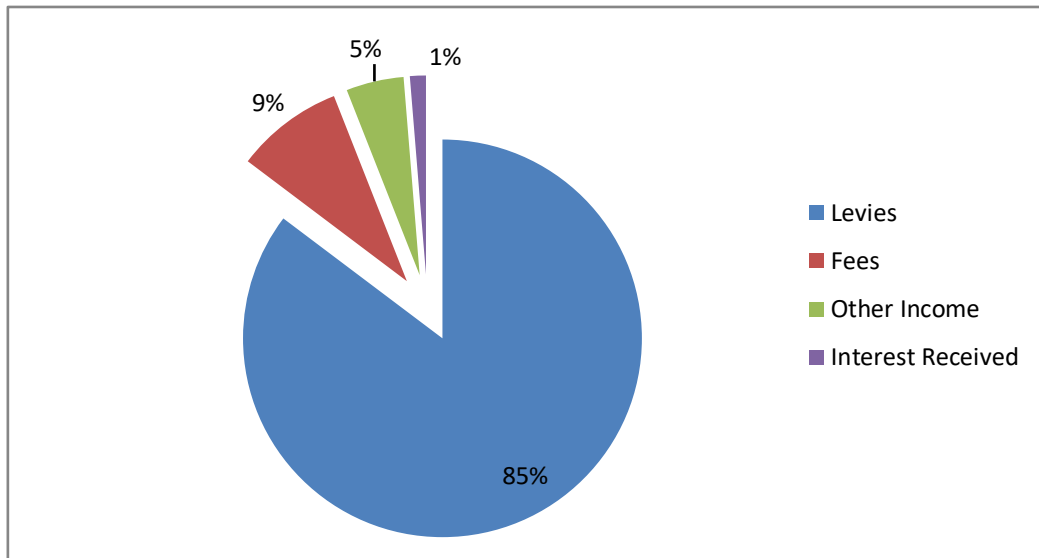
TABLE OF CONTENTS

	PAGE
BUDGET HIGHLIGHTS	3
1 INTRODUCTION	6
2 FSCA BUDGET 2021/22	8
2.1 Principal Budget Assumptions	8
2.2 Abridged Budget Income Statement	11
2.3 Operational Budget	12
2.3.1 Gross revenue budget	12
2.3.2 Operational expenditure budget	15
2.4 Capital Expenditure Budget	24
 ANNEXURE A – DETAILED BUDGET INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022	 26
 ANNEXURE B –ACCUMULATED SURPLUS / DEFICIT	 29

BUDGET HIGHLIGHTS

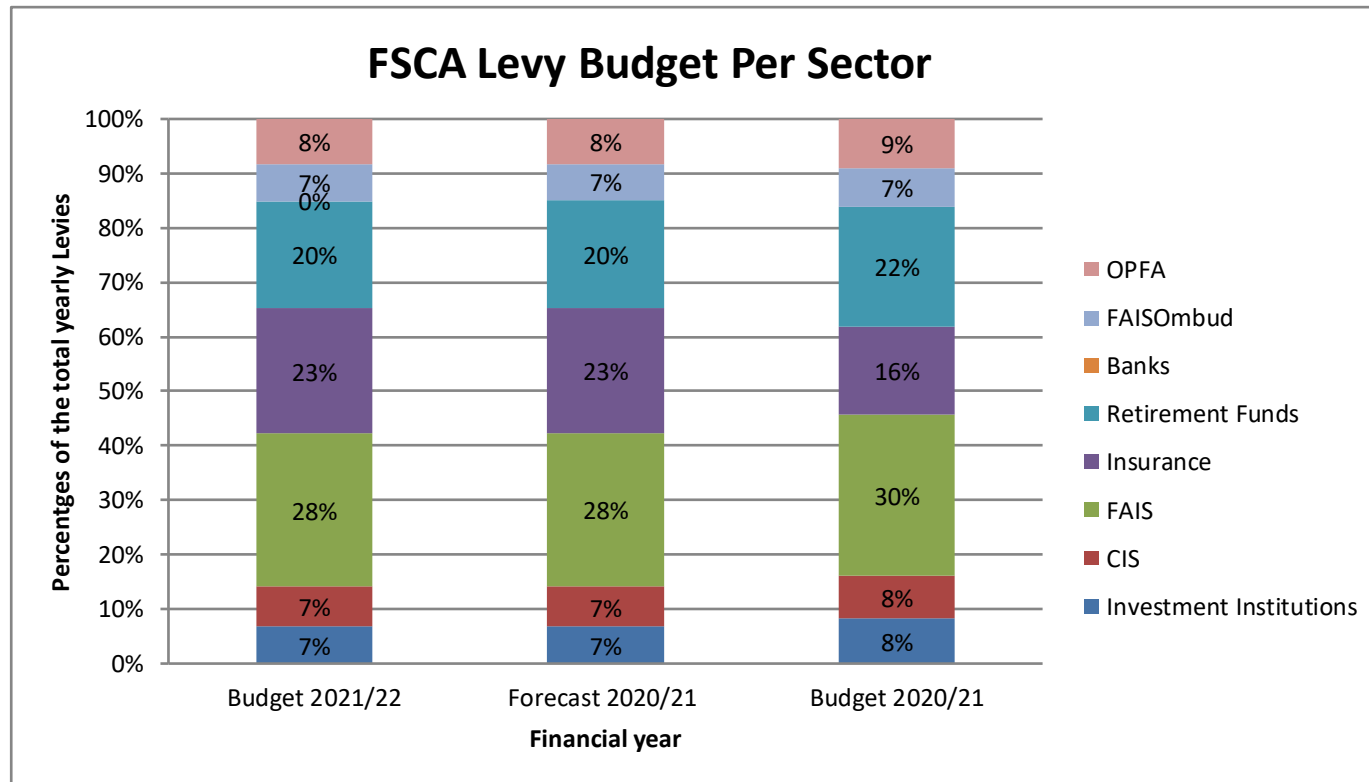
The graph below depicts the distribution of the 2021/22 budgeted gross revenue amongst the different income streams.

Graph: 1



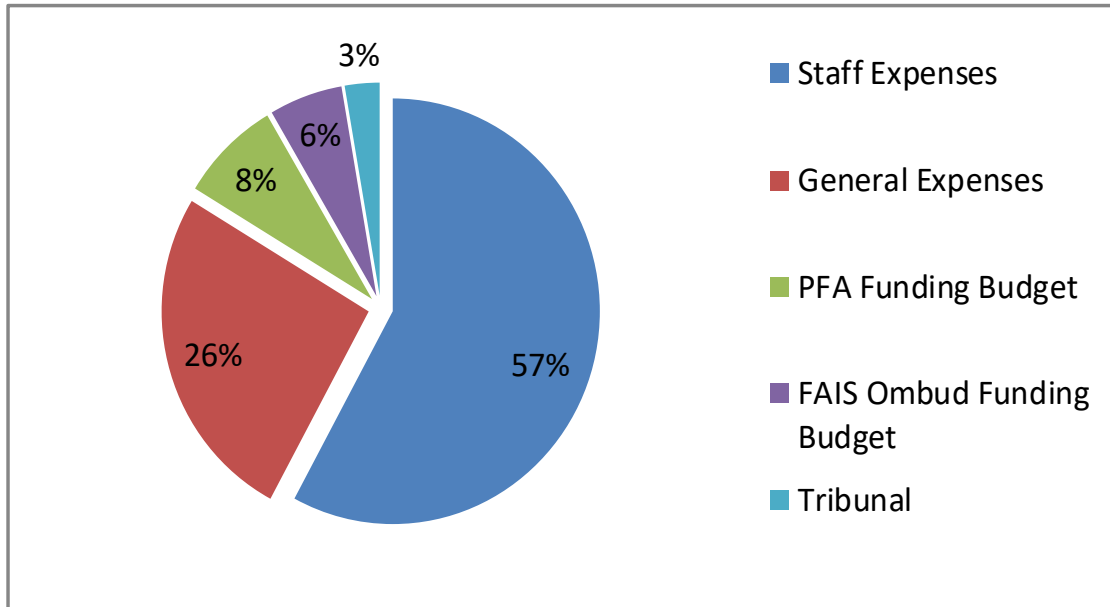
The graph below depicts the levy distribution amongst the regulated sectors.

Graph: 2



The graph below depicts the different types of expenditure.

Graph: 3



1 INTRODUCTION

The FSCA's mandate is to enhance the efficiency and integrity of financial markets; promote fair customer treatment by financial institutions; provide financial education and promote financial literacy; and assist in maintaining financial stability. The FSR Act extended the jurisdiction of the FSCA to include market conduct of the banking sector. It also dictated a shift in approach to being proactive, pre-emptive, risk-based and outcomes focused.

Crucially, the FSR Act included financial inclusion and transformation of the financial sector in its objects. The scale of change is significant, impacting on how the FSCA is structured, resourced, skilled and how regulatory and supervisory frameworks are designed, to empower the organisation to deliver on its mandate. This needed to be achieved whilst maintaining supervision over the non-banking financial institutions in terms of existing laws as well as identifying emerging risks, new technologies and enabling a transformed and inclusive sector that caters and includes all South Africans.

The FSCA recognises the dynamic nature of the environment in which it operates and the impact on its supervisory and advisory roles. The FSCA's relevance and effectiveness as a regulator is underpinned by the success to anticipate and respond to emergent issues. The FSCA has identified six priority focus areas, as follows:

- Building a new organisation;
- An inclusive and transformed financial sector;
- A robust regulatory framework that promotes fair customer treatment;
- Informed financial customers;
- Strengthening the efficiency and integrity of our financial markets; and
- Understanding new ways of doing business and disruptive technologies.

The consolidated budget for the 2021/22 financial year as presented is drawn from the business objectives of the various departments within the FSCA derived from the broader longer-term Strategic Objectives.

The FSCA also funds the operational and capital budgets requirements of the offices of the Ombud for Financial Services Providers (FAIS Ombud) and the Pension Funds Adjudicator (PFA) by raising levies specifically for that purpose. The FSCA Operational Exco has not scrutinised the budgets of the Offices of the FAIS Ombud and that of the PFA, but merely considers the funds requested for assessing affordability. The final approval of the FAIS Ombud and PFA budgets rests with the Commissioner.

The FSCA is budgeting for gross revenue of R1 018.540 million and expenditure of R1 017.973 million (including the Tribunal Office, FAIS Ombud and the OPFA), resulting in a surplus of R0.567 million for the year ending 31 March 2022.

Page 29 details the Accumulated Surplus / Deficit movements.

2 FSCA BUDGET 2021/22

2.1 Principal Budget Assumptions

2.1.1 General budget assumptions applied– Economic Indicators

MTEF budgeting guidelines	Where practical budgeting is aligned to MTEF guidelines in reducing costs overall.
CPI	Annual CPI inflation 3%.
Interest on investments	Weighted average yield on Corporation of Public deposits (CPD) is 3.3%.

2.1.2 Staff Expenses

Cost to Employer (CTE)	Actual as at September 2020, with budgeted increase of 5% from 1 January 2022.
New appointments	Budget per employee using estimated market related salaries as at September 2020.
Structural adjustments	As per HR guidelines
Promotions	Budget for promotions in July and December, with average rate of 13%.
Relief Staff	Budget per requirement.
Contractors	Actual cost adjusted for CPI increase on renewal of contracts. Targeted to decrease by 5.7% percent.
Outsourcing	Specialist skills as required on adhoc basis by business units.
Staff Training	As budget by HR based on user Division requirements.
Incentive Scheme	To be determined by Operating Exco
UIF	1% of CTE for employees earning up to R178 464 per annum. Maximum for employees earning more than R1 784,64 per annum is R148.72 per month.
SETA levy	1% of taxable remuneration net of budgeted claims

2.1.3 General Expenses

Bank Charges	Amount budgeted in terms of fee structure of banks.
Committee fees	Rates as approved by FSCA in January 2020.
Call centre	As per signed contract.
Computer software licenses	Based on number of users and software packages in use.
Computer support and maintenance	Actual cost where there is a contract and adjusted for increase in headcount and inflation as per the service level agreement.
Depreciation	Based on Capex budget and the current assets on the register.
Disability Insurance	1.46% of CTE (Based on the latest premium quote received).
Legal fees	Budget according to current legal cases in progress, historical information and probabilities.
Professional fees	As required by business units.
Printing	Based on actual need as identified by the business units.
Recruitment fees	As per signed agreements with service providers
Rent	Based on existing lease agreement plus rates, taxes, water and electricity.
Short term insurance	As per latest quote obtained from insurance brokers.
Telephone	Telephone costs based on actual costs.
Telephone maintenance	In accordance with existing maintenance contract.
Executive Medicals	R6 600 (R6 600 in 2020/21) per CCM and commissioner.
Travel, Accommodation and subsistence	Based on known and envisaged travel programme as per Divisional business plans

Cleaning, Consumables, Tea Service etc.	Budget based on existing contracts, calculated per head count and CPI increase
Catering functions - meetings external	Based on actual need as identified by the business units in line with the National Treasury instruction note

2.2 Abridged Budget Income Statement for the 2021/22 financial year

The table below depicts the Abridged Budget Income Statement for the year ending 31 March 2022; the detailed Budget Income Statement is contained in Annexure A.

Table 1: Abridged Budgeted Income Statement for the 2021/22 financial year.

	Notes	2021/22 Budget	Variance Budget vs Forecast	2020/21 Forecast	Variance Budget vs Budget	2020/21 Budget
		R'000	%	R'000	%	R'000
Gross revenue	2.3.1	1,018,540	12%	906,596	6%	960,260
Levies	2.3.1.1-2.3.1.4	864,481	4%	833,667	-4%	902,468
Fees	2.3.1.5	93,673	281%	24,575	199%	31,293
Other income	2.3.1.6	47,293	66%	28,549	846%	5,000
Interest received	2.3.1.7	13,093	-34%	19,805	-39%	21,500
Operating expenditure	2.3.2	853,623	19%	718,964	3%	826,978
Staff Expenses	2.3.2.1	583,257	12%	519,960	4%	561,924
General expenses	2.3.2.2	270,366	36%	199,004	2%	265,054
Operating (deficit)/surplus		164,917	-12%	187,632	24%	133,283
PFA/FAIS Ombud funding		(164,350)	16%	(141,548)	6%	(154,670)
PFA funding budget		(79,302)	5%	(75,392)	5%	(75,392)
FAIS Ombud funding budget		(57,755)	0%	(57,627)	0%	(57,627)
Tribunal Funding		(27,293)	220%	(8,529)	26%	(21,650)
(Deficit) / surplus for the year		567	-99%	46,084	-103%	(21,388)

2.3 Operational Budget

2.3.1 Gross revenue budget

Table 2: Gross Revenue Budget

GROSS REVENUE	Notes	2021/22 Budget	Variance Budget vs Forecast	2020/21 Forecast	Variance Budget vs Budget	2020/21 Budget
	FSCA	FSCA	FSCA	FSCA	FSCA	FSCA
		R'000	%	R'000	%	R'000
Levies	2.3.1.1-2.3.1.4	864,481	4%	833,667	-4%	902,468
Fees	2.3.1.5	93,673	281%	24,575	199%	31,293
Other Income	2.3.1.6	47,293	66%	28,549	846%	5,000
Interest received	2.3.1.7	13,093	-34%	19,805	-39%	21,500
		1,018,540	12%	906,596	6%	960,260

The gross revenue budget of R1,0184 million (Budget 2020/21: R960.260 million) comprises mainly of levies accounting for 85% (Budget 2020/21: 94%) of gross revenue. Refer to pages 13 for variance explanations.

2.3.1.1 *Levy budget*

Table 3: Levy Budget by sector

FSCA LEVY BUDGET	Notes	2021/22 Budget	Variance F/cast vs 2020/21 budget	2020/21 Forecast	Variance 2021/2022 budget vs 2020/2021 budget	2020/21 Budget
		R'000	%	R'000	%	R'000
BANKS		-	#DIV/0!	-	-100%	73 898
Bank		-	#DIV/0!	-	-100%	73 851
Co-operative bank		-	#DIV/0!	-	-100%	6
Mutual bank		-	#DIV/0!	-	-100%	41
EXCHANGES & OTHER		57 226	4%	55 025	-15%	67 201
Exchange		-	#DIV/0!	-	-100%	37 001
Independent clearing house		-	#DIV/0!	-	#DIV/0!	15 000
Associated clearing house		-	#DIV/0!	-	#DIV/0!	2 000
Central counterparty		-	#DIV/0!	-	#DIV/0!	-
Trade repository		-	#DIV/0!	-	#DIV/0!	2 000
Over-the-counter derivative provider		-	#DIV/0!	-	#DIV/0!	3 600
Credit Rating		3 643	4%	3 503	4%	3 500
Central Securities Deposit		602	4%	579	-85%	4 100
JSE		18 054	4%	17 360	#DIV/0!	-
Market Abuse		27 715	4%	26 649	#DIV/0!	-
Market Abuse Other Exchanges		491	4%	472	#DIV/0!	-
Capital Markets: Other exchange		2 407	4%	2 315	#DIV/0!	-
STRATE		4 315	4%	4 149	#DIV/0!	-
COLLECTIVE INVESTMENT SCHEMES		63 988	4%	61 752	-4%	66 521
Participation Bonds		125	4%	120	13%	110
Foreign Schemes Unit Trusts		27 118	4%	26 187	5%	25 818
Local Unit Trusts		17 818	4%	17 132	-10%	19 807
Property Unit Trusts		548	4%	527	-2%	557
Hedge Funds		18 379	3%	17 785	-9%	20 229
FAIS		239 888	3%	232 873	-2%	244 798
Category I or IV		111 055	4%	106 825	-5%	117 005
Category II, IIA and III (incl. other)		128 833	2%	126 048	1%	127 794
INSURANCE		196 955	4%	189 318	47%	133 841
Life Insurer (Long-term)		115 759	4%	111 245	84%	62 964
Non-life Insurer (Short-term)		81 196	4%	78 073	15%	70 872
Microinsurance		-	#DIV/0!	-	-100%	5
PENSIONS		169 366	3%	164 116	-8%	183 189
Pension funds		106 342	4%	102 272	3%	103 661
Retirement Annuity Funds		52 733	2%	51 952	-21%	66 719
Pension Funds Administrators		10 291	4%	9 893	-20%	12 809
FSCA	2.3.1.2	727 423	3%	703 084	-5%	769 448
PFA OFFICE	2.3.1.3	79 302	4%	76 200	5%	75 392
FAIS OMBUD OFFICE	2.3.1.4	57 755	6%	54 383	0%	57 627
		864 481	4%	833 667	-4%	902 468

2.3.1.2 FSCA Levies R727.423 million (Forecast 2020/21: R703.084 million)

The overall FSCA levy increased by 3% compared to the 2020/2021 forecast. The FSCA raises sufficient levies to cover its operational requirements and does not, as a rule, budget for a surplus/deficit unless absolutely necessary. The levy budget is based on the rates as determined in line with the Money Bill.

2.3.1.3 PFA Levies R79.302 million (Forecast 2020/2021: R76.200 million)

The PFA levy increased by 4% to R79.302 million.

2.3.1.4 FAIS Ombud Levies R57.755 million (Forecast 2020/2021: R54.383 million)

The FAIS Ombud levy increased by 6% to R57.755 million.

2.3.1.5 Fees R93.673 million (Forecast 2020/21 R24.575 million)

Fees are charged for processing license applications and client requests for profile changes. Fees budget is based on historical information as well as anticipated levels of activity. Included in the fees budget is an amount of R62.373 million for fees relating to the banking industry.

2.3.1.6 Other income R47.293million (Forecast 2020/21: R28.549 million)

The budgeted amount is for the ICT and Tribunal cost recoveries. Included is other income is an amount of R15 million relating to the sub-letting revenue of part of Block C. The variance between the budget and forecast are penalties and other income which are not budgeted for.

2.3.1.7 Interest received R13.093 million (Forecast 2020/21: R19.805 million)

Interest received is calculated based on the average capital balance of investments at an average return rate of 3.3%. FSCA does not budget for interest on outstanding levies, interest on PRM and discretionary funds, hence the decrease in the 2022 budget compared to the 2020/21 forecast.

2.3.2 Operational expenditure budget

2.3.2.1 Staff expenditure budget

Table 4: Staff Expenditure Budget

STAFF EXPENDITURE	Notes	2021/22 Budget	Variance Budget vs Forecast	2020/21 Forecast	Variance Budget vs Budget	2020/21 Budget
	FSCA	FSCA	FSCA	FSCA	FSCA	FSCA
		R'000	%	R'000	%	R'000
Salaries	2.3.2.1.1	496,180	10%	451,293	5%	474,120
Relief staff	2.3.2.1.1(a)	60	355%	13	-65%	173
Contractors	2.3.2.1.1(b)	10,125	54%	6,557	2%	9,901
Registration and membership fees	2.3.2.1.1(c)	672	4%	644	6%	637
Staff & group life skills training	2.3.2.1.1(d)	7,520	189%	2,605	-25%	10,000
Seminars and conferences	2.3.2.1.1(e)	2,534	331%	588	-18%	3,107
Leave provision		8,862	-55%	19,616	-3%	9,129
Study amortisation		3,038	145%	1,241	21%	2,521
Incentive schemes	2.3.2.1.1(f)	37,856	49%	25,382	4%	36,401
Momentum employee benefit - Disability		5,756	12%	5,160	5%	5,500
SETA levy		4,962	76%	2,813	5%	4,741
		577,564	12%	515,911	4%	556,230
Other staff expenses	2.3.2.1.1(g)	5,694	41%	4,049	0%	5,694
Total		583,257	12%	519,960	4%	561,924

2.3.2.1.1 Salaries R496.180 million (Forecast 2020/21: R451.293 million)

Salaries represent 85% (Forecast 2019/20: 83%) of the staff expenditure budget and 58% (Forecast 2019/20: 60%) of the total expenditure budget. The high ratio of salaries to total expenditure is attributable to the FSCA being a service organisation with personnel costs being the main cost driver.

Salaries are budgeted to increase by an average of 5% effective from 1 January 2022 aligned mainly to the forecasted SA consumer price index. The 15% unfavourable variance on salaries is mainly as a result of lower forecast base resulting from unfilled positions for the 2020/21 financial year. The following is an analysis of budget salaries cost movements:

- Twenty-one (21) new positions have been factored in the 2021/22 salary budget totalling R12.232 million.
- Reconciliation of budgeted staff complement.

STAFF COMPLEMENT RECONCILIATION	
DESCRIPTION	NUMBER
Total staff complement budgeted for March 2021	623
New positions budgeted	21
Total staff complement budgeted for March 2021	644

- Included in the salary costs are structural adjustments and promotions budgeted at R4.038 million (2020/21: R3.907 million). The salary budget has been reduced by a vacancy factor of 7.5% (2020/21 Budget: 7.5%) totalling R40.231 million (2020/21 Budget: R38.442 million) to provide for the time lags in appointments.

- a) *Relief staff R0.060 million (Budget 2020/21: R0.173 million)*

Relief staff are utilised in critical positions when the need for temporary resources arise.

- b) *Contractors R10.125 million (Budget 2020/21: R9.901 million)*

Contractors	Comments	Current Budget (R)	Previous Budget (R)
ICT	4X Magic contractors and 1 Programme Manager	7,000,008	5,500,000
Office of the Commissioner	Contract staff	3,125,010	4,401,204
Total		10,125,018	9,901,204

- c) *Registration and membership R0.0672 million (Budget 2020/21: R0.0637 million)*

This budget covers professional registration and membership fees for the FSCA staff.

- d) *Staff and group life skills training R7.520 million (Budget 2020/21: R10 million)*

The FSCA encourages staff to keep abreast with developments within their fields of expertise and to address identified gaps in individual staff performance through relevant training. Departments are required to submit their training requirements in accordance with the staff personal development plans. The training is to also align staff to the FSCA strategic objectives in building the new organisation, new ways of doing things and disruptive

technologies. The variance is due to the new executive training programs and the training carried over from the prior budget period due to the impact of Covid19.

e) *Seminars and conferences R2.534 million (Budget 2020/21: R3.107 million)*

The budget is for FSCA to participate in various conferences and seminars to keep abreast with local, regional and international regulatory trends and standards as per departments' business plans.

Seminars and conferences	Comments	Current Budget (R)	Previous Budget (R)
Corporate Centre	Planned seminars	337,828	181,500
Chief Financial Officer	Planned seminars	262,000	252,500
Chief Information Officer	SAPICS in June and international conference on public procurement and supply chain management workshops and seminars	389,000	321,050
Licencing	Local seminars and conferences	180,000	282,975
Regulatory Policy	African Insurance Exchange, etc	101,493	175,644
Conduct of business	IISA/SAIA conference, Insurance and IRFSA Conference	592,449	632,348
Retirement Funds	Batseta annual conference PLA IRFA	94,500	481,100
Specialist support	ASSA convention and seminars	180,735	259,709
Investigation & Enforcement	ACFE Global Fraud Conference	209,689	341,019
Governance and Risk	Annual Conferences, IRMSA, BCM, Internal Audit, Committee Secretaries	98,846	116,260
Office of the general counsel	Annual Labour Law / PLA, IBA	87,000	62,895
Total		2,534,540	3,107,000

f) *Incentive Schemes R37.856 million (Budget 2020/21: R36.401 million)*

Incentive schemes are budgeted for at one month's salary of budgeted CTE.

g) Other staff expenses R5.684 million (Budget 2020/21: R5.694 million)

Other staff expenses comprise, inter alia, internships, long services awards, employee funeral policy, UIF, employee wellness and workmen's compensation.

2.3.2.2 General expenditure budget

Table 5: General Expenditure Budget

GENERAL EXPENDITURE	Notes	2021/22 Budget	Variance Budget vs Forecast	2020/21 Forecast	Variance Budget vs Budget	2020/21 Budget
	FSCA	FSCA	FSCA	FSCA	FSCA	FSCA
		R'000	%	R'000	%	R'000
Advertising and recruitment	2.3.2.2 (a)	3,043	80%	1,688	-63%	8,320
Advisory and enforcement committee	2.3.2.2 (b)	932	-14%	1,088	-14%	1,088
Computer support and maintenance	2.3.2.2 (c)	9,098	119%	4,148	128%	3,993
Call Centre		5,359	15%	4,655	8%	4,946
Canteen and tea service	2.3.2.2 (d)	2,293	82%	1,258	10%	2,077
Cleaning and consumables		2,901	-8%	3,141	-8%	3,145
Legal fees	2.3.2.2 (e)	12,549	28%	9,814	28%	9,809
Outsourcing	2.3.2.2 (f)	17,033	50%	11,384	21%	14,071
Printing and stationery	2.3.2.2 (g)	5,564	284%	1,449	1%	5,490
Professional fees	2.3.2.2 (h)	21,180	246%	6,124	14%	18,609
Promotions	2.3.2.2 (i)	4,182	60%	2,615	-2%	4,281
Telephone		3,742	46%	2,571	50%	2,496
Local travel	2.3.2.2 (j)	7,849	979%	728	-16%	9,388
Foreign travel	2.3.2.2 (k)	2,080	36714%	6	-62%	5,424
Subsistence and overtime meals	2.3.2.2 (l)	1,228	1128%	100	-55%	2,734
External audit fees		4,059	24%	3,265	6%	3,830
Internal audit fees		1,883	179%	675	0%	1,883
Finance lease costs		0	-93%	2	-86%	1
Depreciation	2.3.2.2 (m)	29,837	40%	21,242	-8%	32,605
Short term insurance		3,284	34%	2,458	13%	2,901
Appeal Board and FSOS Council		2,056	-52%	4,286	-34%	3,116
Computer licenses and services	2.3.2.2 (n)	32,075	15%	27,798	-4%	33,557
FSCA membership fees	2.3.2.2 (o)	5,597	28%	4,374	6%	5,259
Office rental	2.3.2.2 (p)	82,243	9%	75,322	10%	74,922
		260,538	37%	190,678	2%	254,438
Other general expenses		9,828	18%	8,326	-7%	10,616
Total		270,366	36%	199,004	2%	265,054

(a) *Advertising and recruitment R3.043 million (Budget 2020/21: R8.320 million)*

The budget is for advertising and recruitment fees for positions to be filled in the 2021/22 financial year. The costs include response handling and psychometric assessment tests.

(b) *Advisory committees R0.932 million (Budget 2020/21: R1.088 million)*

The budget comprises the Advisory Committees fees.

(c) *Computer support and maintenance R9,098 million (Budget 2020/21: R3.993 million)*

Computer support and maintenance budget is for computer applications and user support costs. The variance to previous budget is mainly due to the implementation of new technologies and support for old technologies which are out of warranty.

(d) *Canteen and tea services R2.293 million (Budget 2021/21: R2.077 million)*

The budget relates to staff refreshments and cleaning services based on contracts rates.

(e) *Legal fees R12.549 million (Budget 2020/21: R9.809 million)*

The budget comprises of legal fees for various FSCA departments for external legal services and debtors' collection. The variance to previous budget is mainly due to increase in anticipated cases as result of implementation of new legislation and current legal disputes.

(f) Outsourcing R17.033 million (Budget 2020/21: 14.071 million)

The budget comprises of outsourcing fees for ICT and Investigation and Enforcement departments. The variance to previous budget is mainly due to increase in anticipated cases.

Outsourcing	Comments	Current Budget (R)	Previous Budget (R)
ICT	Managed ICT Support Services Total budget for 5 years (Aptronics)	10,000,000	10,950,760
Investigations and Enforcement	eDiscovery, complex matters, Investigations, use computer forensic, investigation mirror image the server	7,033,000	3,120,000

(g) Printing and stationery R5.564 million (Budget 2020/21: R5.490 million)

The budget includes rental for photocopying machines, printing, annual reports government gazettes and other related printing expenses.

(h) Professional fees R21.180 million (Budget 2020/21: R18.609 million)

The budget for professional fees is for departments listed below. The variance to previous budget is mainly due to change management, which was previously budgeted under training costs, ICT services, translation of legislation in different languages and complexity of investigations.

Professional fees	Comments	Current Budget (R)	Previous Budget (R)
Central	RemChannel, Hay Group, 21st Century, OD Interventions, Change Management for ERP and IRS	2,532,510	1,695,252
Communications	Language services, Reputation Management; Media Monitoring	2,740,000	2,000,004
Facilities	Space planners' professional fees	650,000	1,056,475
Chief Financial Officer	GRAP quality assurance	200,000	250,000
ICT	ICT services	8,325,000	6,600,000
Regulatory Framework	Standards development and setting	1,692,960	1,773,600
Market Inclusion	For planned and ad hoc research projects including Finscope survey	2,050,000	3,000,000
Financial Technology	Fintech market intelligence subscription services	360,000	360,000
Consumer Education	Translation services. 10 Resources into 8 languages.	865,000	-
Micro Product Providers	Service provider to conduct RE training workshops	468,000	-
Financial Advisors	CPD accreditation	10,000	2,000
Market Infrastructure	Risk management on CCP and ODP	350,000	-
Supervisory Framework	Development of TTK, CPD Provider Approvals	164,665	1,272,051
Investigations	Expert witness opinion assistance with investigations	1,200,000	600,000
Governance, Risk and Assurance	Binding of meeting packs in storeroom	40,000	-
Total		21,180,136	18,608,381

(i) Promotions R4.182 million (Budget 2020/21: R4.281 million)

Promotions	Comments	Current Budget (R)	Previous Budget (R)
Communication and Language Services	Leadelex Conference; FSCA Promotional; Radio Stations Campaign	1,917,000	2,402,480
Regulatory Policy	Insurance Apprentice sponsorship	100,000	100,000
Financial Technology	Fintech surveys, focus groups, workshops, research initiatives	600,000	1,000,000
Regulatory Liaison	Excursion and Lunch 75,000 50 pax at R1500 Printing & Stationary & Promotional material, Pens, banners, etc.	95,000	125,000
Consumer Education	Consumer education Promotional activities and items and media boosting/promotion.	455,000	350,000
Conduct of Business	COB Supervisory Seminars in JHB and Cape Town	120,000	-
Banks and Payments	FSCA Bank led Conference /workshop with the Banking Sector.	150,000	75,000
Financial Advisors	Workshops and conferences	342,000	171,001
Micro Insurance	Training FSPs	112,000	
FICA Supervision	3 Workshops and venue hire	180,000	-
Retirement Funds	liquidation notices AGMs	2,000	15,000
Governance, Risk	Awareness Campaigns are planned	108,825	42,550
Total		4,182,325	4,281,031

(j) Local travel R7.849 million (Budget 2020/2: R9.388 million)

The local travel budget includes budget for local travel and accommodation for onsite visits by: Conduct of Business Supervisions R1.886 million (R3 million), Regulatory Policy R1.037 million (R1.8 million), Investigations and Enforcement Assessment R661 920 million (R1.314 million), Retirement Fund Supervision R385 250 (R720 630), Licensing & Regulatory Hub R410 000 (R607 800), Market Integrity R385 211 (R512 506), Specialist Support R220 115 (R353 033) and the balance is travel by support departments.

(k) Foreign travel R2.080 million (Budget 2020/21: R5.424 million)

Foreign travel is for various FSCA departments as approved by Operational EXCO.

(l) Subsistence and overtime meals R1.228 million (Budget 2020/21: R2.734 million)

Subsistence and overtime meals are for various FSCA departments for onsite visits.

(m) Depreciation R29.837 million (Budget 2020/21: R32.605 million)

The depreciation budget includes R25.354 million for the existing assets and R4.483 million for acquisitions as detailed per capital expenditure budget (pages 24 & 25).

(n) Computer Licences R32.075 million (Budget 2020/21: R33.557 million)

The budgeted amount relates to the annual renewal of ICT licenses for existing and new software packages.

(o) *FSCA membership fees R5.597 million (Budget 2020/21: R5.259 million)*

The budget covers FSCA membership fees to various organisations. The variance to forecast is mainly due to new affiliations to align to FSCA's mandate.

(p) *Office rental R82.243 million (Budget 2020/21: R74.922 million)*

The increase in rental is mainly because of annual escalations of municipality rates and as per the lease agreement.

2.4 Capital Expenditure Budget

Table 6: Capital Expenditure Budget

Asset Category	Notes	BUDGET 2021/22	FORECAST 2020/21	BUDGET 2020/21
		Total	Total	Total
		R'000	R'000	R'000
Computer software	2.4.1	113,660	13,070	123,070
Computer equipment	2.4.2	10,645	6,187	8,187
Leasehold improvement	2.4.3	10,412	50	1,400
Office equipment	2.4.4	625	61	61
Office furniture & fittings	2.4.5	259	96	96
Motor Vehicles	2.4.6	460	-	450
Post 2021/22 FY: IRS system	2.4.7	110,000	-	100,000
		246,061	19,464	233,265

2.4.1 Computer Software R113.660 million (Budget 2020/21: R123.070 million)

Computer software is made up of infrastructure upgrades; R90 million for Integrated Regulatory System (IRS), R12 million for Enterprise Integration Software, R6 million for Identity and Access Management Solution, R5 million for Business Centre Enablement (CRM). The balance of R0.660 million is made up of a Boardroom Booking System, and a Mail room system that will tract incoming mail electronically.

2.4.2 Computer Equipment R10.645 million (Budget: 2020/21: R8.187 million)

The Budget is made up of network equipment of R1.2 million for upgrades to back-up and media servers, R9,4 million for the acquisition of laptops in line with the FSCA computer replacement policy. The remaining balance is for the acquisition of scanners for the execution of warrants.

2.4.3 Leasehold Improvements R10.412 million (Budget 2020/21: R1.4 million)

This comprises of additional leasehold improvements related to the restructuring of office space in Block B and C. This a re-budget of the 2020/21 planned expenditure as the project is only anticipated to resume in the 2021/22 financial year.

2.4.4 Office Equipment R0.625 million (Budget 2020/21: R0.061 million)

The budget for office equipment consists of general office items with the highest item relating to planned replacements of hydroboils at a cost of R324 000 and the additional telephone sets for new employees.

2.4.5 Office Furniture & Fittings R0.259 million (Budget 2020/21: R0.096 million)

The budget is for general office furniture including office chairs, workstations and filing cabinets mainly for new staff.

2.4.6 Motor Vehicles: R0.460 million (Budget 2020/21: R0.450 million)

The budget amount is for one caddy van for FSCA.

2.4.7 Post 2021/22 FY: IRS system: R110 million (Budget 2020/21: R100 million)

The budget amount is for the IRS system which is expected to be completed in the 2022/23 financial year.

ANNEXURE A – DETAILED BUDGET INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 BUDGET	VARIANCE FORECAST VS BUDGET	2020/21 FORECASTS	2020/21 BUDGET
	FSCA	FSCA	FSCA	FSCA
	R'000	%	R'000	R'000
REVENUE				
Levies	864,481	4%	833,667	902,468
Fee income	93,673	281%	24,575	31,293
Interest received	13,093	-34%	19,805	21,500
Other income	20,000	-19%	24,674	5,000
Other cost recoveries	27,293	604%	3,874	-
TOTAL REVENUE	1,018,540	12%	906,596	960,260
STAFF EXPENDITURE				
DEPARTMENTAL	525,987	9%	483,371	504,285
Cost to employer	496,180	10%	451,293	474,120
Relief staff	60	355%	13	173
Contractors	10,125	54%	6,557	9,901
Internship and secondment fees	1,700	38%	1,231	2,357
Long service awards	1,668	36%	1,230	1,230
Study amortisation	3,038	145%	1,241	2,521
Registration and membership fees	672	4%	644	637
Leave provision	8,862	-55%	19,616	9,129
UIF	1,149	20%	959	1,110
Seminars and conferences	2,534	331%	588	3,107
CENTRAL	57,270	57%	36,590	57,639
Incentive schemes	37,856	49%	25,382	36,401
Workmen's compensation	340	4%	328	328
Group and life skills training	7,520	189%	2,605	10,000
Employee wellness	707	364%	153	594
Momentum employee benefit - Disability	5,756	12%	5,160	5,500
SETA levy	4,962	76%	2,813	4,741
PRM expense	-	-100%	75	-
Special gratuity	128	72%	75	75
TOTAL STAFF EXPENDITURE	583,257	12%	519,960	561,924

ANNEXURE A – DETAILED BUDGET INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 BUDGET	VARIANCE FORECAST VS BUDGET	2020/21 FORECASTS	2020/21 BUDGET
	FSCA	FSCA	FSCA	FSCA
	R'000	%	R'000	R'000
GENERAL EXPENDITURE				
DEPARTMENTAL	73,871	113%	34,690	68,822
Advisory Committee Expenditure	932	-14%	1,088	1,088
Computer support and maintenance	9,098	119%	4,148	3,993
Consumable Assets	469	-4%	489	493
Courier services	102	10%	93	96
Catering functions: meeting external	2,139	244%	623	1,130
Entertainment external	68	100%	65	70
Entertainment internal	126	100%	161	170
Executive medicals	368	14%	323	337
Legal fees - staff matters	2,124	98%	1,071	1,000
Outsourcing	17,033	50%	11,384	14,071
Pool car fuel and maintenance	144	0%	144	144
Postage	406	-3%	418	457
Printing	84	15%	73	104
Printing - government gazette	292	-14%	339	339
Professional fees	18,648	232%	5,609	17,694
Credentials verification	221	-28%	307	312
Promotions	4,182	60%	2,615	4,281
Publications and newspapers	181	-28%	252	258
Tender costs	30	-61%	78	78
Off-site storage	595	-31%	857	857
Stationery	1,298	141%	538	1,106
Transcripts and translations	433	-29%	613	704
Telephone	1,065	38%	770	762
Telephone cell phones	2,627	51%	1,737	1,658
Telephone fax lines	50	-21%	64	75
Travel local other	5,560	820%	605	6,735
Local accommodation	2,288	1759%	123	2,652
Subsistence and overtime meals	1,228	1128%	100	2,734
Foreign accommodation	1,030	100%	-	1,820
Foreign travel	1,050	18484%	6	3,604

ANNEXURE A – DETAILED BUDGET INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	2021/22 BUDGET	VARIANCE FORECAST VS BUDGET	2020/21 FORECASTS	2020/21 BUDGET
	FSCA	FSCA	FSCA	FSCA
	R'000	%	R'000	R'000
CENTRAL	196,495	20%	164,314	196,232
Advertising	3,043	80%	1,688	8,320
Audit fees - external	4,059	24%	3,265	3,830
Audit fees - internal	1,883	179%	675	1,883
Bank charges	622	43%	435	622
Call Centre	5,359	15%	4,655	4,946
Canteen expenses	2,293	82%	1,258	2,077
Cleaning services	2,841	2%	2,790	2,863
Consumables	60	-83%	350	282
Depreciation	29,837	40%	21,242	32,605
Finance lease costs	0	-93%	2	1
Equipment and furniture maintenance	83	2%	81	80
Other committee fees & expenses	1,952	-54%	4,202	2,867
FSOS Council expenses	104	100%	84	249
Flowers and plants	78	47%	53	79
Short term insurance - office contents	722	33%	543	680
Short term insurance - fidelity insurance	427	33%	321	426
Short term insurance - Professional Indemnity	2,135	34%	1,594	1,794
Legal fees	10,000	14%	8,743	8,345
Legal fees collections)	425	162%	162	464
Printing	3,484	729%	420	3,484
Professional fees	2,533	392%	515	915
Quality control project	96	30%	74	174
Refreshments board events	482	161%	185	482
Computer licenses and services	32,075	15%	27,798	33,557
Rental - offices	82,243	9%	75,322	74,922
Publications and bulletin - Library	-	-100%	975	1,567
FSCA Membership Fees	5,597	28%	4,374	5,259
Building repairs and maintenance	1,992	125%	883	1,430
Security	1,859	43%	1,298	1,829
Pest control	109	100	35	104
Management fee PRM	-	-100%	247	-
Documents shredding	101	126%	45	95
TOTAL GENERAL EXPENDITURE	270,366	36%	199,004	265,054
TOTAL EXPENDITURE	853,623	19%	718,964	826,978
OPERATING SURPLUS BEFORE PFA & FAIS OMBUD	164,917	-12%	187,632	133,283
PFA Funding	(79,302)	5%	(75,392)	(75,392)
FAIS Ombud funding	(57,755)	0%	(57,627)	(57,627)
Tribunal funding	(27,293)	220%	(8,529)	(21,650)
OPERATING (DEFICIT) / SURPLUS	567	-99%	46,084	(21,388)

ANNEXURE B – ACCUMULATED SURPLUS / DEFICIT

	Accumulated Surplus / (Deficit)
	R'000
Acculated surplus balance as at March 2020	323,337
Forecasted Surplus/ (Deficit) for the year as at 31 March 2021	46,084
Forecasted Surplus/ (Deficit) for the year as at 31 March 2021	369,420
Budgeted Surplus/ (Deficit) for the year as at 31 March 2022	567
Budgeted Accumulated Surplus / (Deficit) as at 31 March 2022	369,987