



FINANCIAL SERVICES BOARD
FINANCIAL ADVISORY AND INTERMEDIARY SERVICES ACT, 2002

DATE: 06 DECEMBER 2016

INVITATION TO COMMENT ON PROPOSED CONDUCT OF BUSINESS REPORT

1. INTRODUCTION

The Registrar of Financial Services Providers ("Registrar"), under section 17(4)(a) of the Financial Advisory and Intermediary Services Act, 2002 (the Act), intends to replace the current compliance reports with the proposed Conduct of Business Report (COBR) that was published for public comment on the official web site of the Financial Services Board (FSB). A copy of the Report is attached as **Annexure A**.

2. PURPOSE OF THE PROPOSED CONDUCT OF BUSINESS REPORT

The content and format of the proposed COBR differs significantly from the previous reports determined by the Registrar mostly because as a result of the changing regulatory landscape and the focus on outcomes based regulation and proactive supervision.

In addition, the proposed COBR seeks to address the inefficiencies created by requiring of providers, regulated in terms of other laws administered by the FSB, to submit the same information more than once to the FSB. The COBR further proposes to address certain practices that were identified by Registrar as being undesirable and that frustrate the achievement of the objects and purpose of the 'compliance' report.

The current compliance report follows a tick box approach that only tests a provider's past compliance with statutory requirements, which approach is not conducive for proactive supervision. It further facilitates the submission of generic templates of policies and procedures that are not customised to the business of the provider. The proposed COBR focuses on the provider's strategy, business model, nature and extent of its activities and its culture in delivering compliance with regulatory expectations. The

information obtained through the COBR will enable the Registrar to better understand the risks or potential risks posed by a provider or its activities in achieving fair outcomes for customers and compliance with regulatory obligations.

An electronic version of the COBR will be made available on the FAIS Online Reporting System (online system) to allow for the electronic submission of it to the Registrar. Using the online system is the best way of submitting a COBR as the system will individually tailor the report to a provider's business and license categories. This means that only questions relevant to the particular provider and its activities would be generated for completion.

3. CONSULTATION PROCESS

- 3.1 Interested parties are invited to submit written submission on the proposed COBR to **thiropathy.moodliyar@fsb.co.za** by 28 February 2017.
- 3.2 All information (including name and address details) contained in submissions will be made available to the public on the FSB's official web site.
- 3.3 Submissions should include the name of your organisation (or your name if the submission is made as an individual) and contact details. For accessibility reasons, please email submission in a Word format. An additional PDF version may also be submitted.

4. CLOSING DATE FOR SUBMISSIONS

The closing date for submissions is **28 FEBRUARY 2017**. No submissions received after that date will be considered.



CD da Silva

Deputy Registrar: Financial Services Providers