

AN UPDATE FROM THE REGULATOR

by Wilma Mokupo

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Regulator's Update

- Bulking
- Reform
- Amendments to Legislation
- Risk-based Supervision
- Licensing
- Financial Statements
- Liquidations
- Pension Fund Adjudicator
- Chief Actuary

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Regulator's Update

Bulking

- Enquiries
- Propriety & Fitness questioned
- Guidance Circular PF 129

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Regulator's Update

Reform

- Long term process
- FSB input from a Regulatory perspective

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Regulator's Update

Pension Funds Amendment Bill, 2007

- Cabinet January 2007
- Public comment February 2007
- Await promulgation

Regulation 30 amendments

- Statement of Intent (Sol) alignment with LTIA, Rules & Policy documents
- Affects Retirement Annuities

Circulars awaiting finalisation

- Draft 126 & 127: unclaimed benefit funds/ surplus & full transfers/ unconstituted boards
- Draft 130: governance codes

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□ Risk-based Supervision

- Risk questionnaires sent out to all funds via administrators on *31 August 2006*
- Extension for submission granted until *31 March 2007*
- Ongoing risk assessments

Regulator's Update

Licensing

- Proposed revision of section 13B (licensing requirements)
- Proposed revision of Board Notice (licensing conditions)
 - Alignment with FAIS (propriety & fitness, etc)
 - Review audit requirements
 - Review umbrella business requirements
 - Capital adequacy requirements..
- Suspension of licenses (non-compliance)
- Restriction of licenses
(poor administration/complaints,etc)
- Name and shame (publish)***

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Financial Statements

New financial reporting for all funds

IFRS as far as possible for large funds

Electronic/ Submissions (digital statistics, cost-effective)

2005: Final Extension granted until 31 March 2007

2006: Final Extension granted until 31 August 2007

Penalties for non-submissions to be paid by culprit

2005 and 2006 Annual Reports to

Parliament mid-year and at year end respectively

Improved data on underwritten funds

Level playing-field

(general exemption withdrawn)

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❑ Liquidations

Statistics as at 28 February 2007 approx. 13,018 funds

- ❑ 3,485 registered privately administered funds
- ❑ 9,533 registered underwritten funds

However

- ❑ Some 1,500 funds in process of liquidation
- ❑ Some 1,689 funds are in process of full transfers

Approximately

- ❑ Closer to 9,829 active funds

However

- ❑ Some funds with only unclaimed benefits
- ❑ Some funds with no active boards

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Umbrella funds:

- Number of umbrella funds approx 190
- Number of participating employers approx 35,000

However

- Some in process of liquidation (mostly less than 100 members)
- Some in process of transfer (mostly less than 150 members)
- New participants keeping pace with de-registrations

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Pension Fund Adjudicator:

- Contract coming to an end
- FSB advertised the position
- Recruitment of a suitable replacement underway
- Avoid lengthy vacancy in the office

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☐ Chief Actuary

- ☐ Short-listed candidates have gone through the selection process
- ☐ Busy finalising appointment

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*If its to be another DUZI
Let members enjoy the Ride ...*

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*Thank You
For your attention*

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