

1. FSCA Regulation Plan for the period 1 April 2025 to 31 March 2028

The Financial Sector Conduct Authority (FSCA) has published its Regulation Plan for the period 1 April 2025 to 31 March 2028. Inter alia, the following is of interest to the employee benefits industry:

Developing a holistic, cross-sector, robust and customer-focused regulatory framework under the COFI Bill

The development of a holistic, cross-sector, robust and customer-focused regulatory framework under the Conduct of Financial Institutions (COFI) Bill remains a top priority for the FSCA. Currently the focus is on Phase 2 of the COFI Bill transition work, which entails the development of a broad set of themed frameworks. It is envisaged that the FSCA will informally consult on a variety of themed frameworks during the 2025/2026 business year in accordance with its prioritisation approach that was explained in the 2024 Regulation Plan.

The FSCA is also in the process of refining its planning for this project, which entails setting out clear timelines for implementation of the themed frameworks. Communication surrounding implementation of this project and COFI Bill readiness will, in due course, be communicated publicly. Should there be delays in finalising the COFI Bill, it is likely that the FSCA will start to introduce the themed frameworks through a staggered approach. Staggering will be informed by the prioritisation approach, which means that the Fit and Proper and Risk Management and Internal Controls themed frameworks will likely be progressed first.

Insurers

No insurance-specific interventions are earmarked for completion within the next three years. However, various insurance-related matters will be considered as part of the process focused on transitioning the existing sectoral laws to the COFI Bill framework.

FAIS

No FAIS-specific interventions are earmarked for completion within the next three years. However, various FAIS-related matters will be considered as part of the process focused on transitioning the existing sectoral laws to the COFI Bill framework.



Retirement fund administrators

The Conduct Standard with regard to retirement fund administrators remains an important priority and is close to being finalised. The current status is that the draft Conduct Standard was tabled in Parliament on 1 April 2025. It is envisaged that the final Conduct Standard will be published between July and September 2025.

Retirement fund projects

The following retirement fund projects have been included in the Regulation Plan:

Requirements relating to the liquidation of retirement funds

One of the new projects in the Regulation Plan relates to the liquidation requirements for retirement funds. The reason for this project is that the liquidation requirements are outdated, and are also spread across different notices. In addition, the amendments to the regulations under the Pension Funds Act with regard to the two-pot system have resulted in some of the liquidation requirements now being misaligned with the regulations. As such, a need exists to update the current liquidation requirements and ensure it aligns with the amended regulations; and to consolidate the existing liquidation requirements into one instrument, in support of the FSCA's strategy to start consolidating and streamlining the laws it supervises.

Prudential Standard on requirements related to regulatory reporting and audited financial statements for retirement funds

Following the public consultation process, finalisation of this Prudential Standard has been subject to some delays. Notwithstanding, the Prudential Standard is at an advanced stage and the FSCA is intending to submit the draft Prudential Standard to National Treasury for onforwarding to Parliament between July and September 2025.

Prudential Standard on the regulation 28 reporting requirements for retirement funds (holistic reporting)

This Prudential Standard is intended to replace *FSCA Prudential Standard 1 of 2024 (RF) Regulation 28 Quarterly Reporting Requirements for Pension Funds* and will introduce a new form of quarterly reporting in terms of regulation 28. The FSCA intends to submit the draft Prudential Standard to National Treasury for submission to Parliament before the end of 2025/2026.

Draft Conduct Standard – Conditions for living annuities in an annuity strategy

This Conduct Standard is still on hold and does not enjoy high priority. Decisions surrounding the way forward on this Standard will be taken in due course.



Other retirement fund matters

The FSCA is also in the process of considering potential reviews and/or interventions in respect of various other areas in the retirement fund environment. These potential reviews include Directive 8, Pension Fund Circulars 86 and 90, practices in the employer environment and retirement fund costs and fees. The aforementioned are still under consideration and no final decisions have been made. Should any of the aforementioned reviews result in proposed legislative interventions, these interventions will be prioritised as appropriate and will be incorporated into the Regulation Plan.

The following cross-cutting regulatory framework projects remain relevant:

Joint Standard – Culture and Governance

Following targeted informal consultation on the draft Joint Standard in 2024/2025, the Prudential Authority (PA) and the FSCA are planning to publish the draft Joint Standard for public consultation in 2025/2026.

Conduct Standard regarding industry practices and treatment of lost accounts and unclaimed assets

Policy work continued following the publication of the FSCA's Discussion Paper relating to industry practices and the treatment of lost accounts and unclaimed assets on 22 September 2022. The regulatory framework interventions will be developed flowing from the Discussion Paper consultation process and subsequent other engagements. The FSCA envisages that formal regulatory framework interventions, in the form of a Conduct Standard, will be published for public consultation during 2025/2026.

Joint Standard – Requirements relating to beneficial owners

The PA and the FSCA formulated a draft Joint Standard and are aiming to publish the draft Joint Standard for public consultation during 2025/2026.

Cross-sector licensing requirements

The development of cross-sector licensing requirements in anticipation of the COFI Bill is continuing. Timelines surrounding public consultation on these draft requirements are however at this stage uncertain. Progress on this development will be publicly communicated as part of the progress updates on the COFI Bill Transition Project.

Joint Standard – Requirements relating to third-party service provision (outsourcing)

Technical work in respect of this Joint Standard, which is focused on harmonising and strengthening requirements pertaining to third party service provision/outsourcing, is expected to continue throughout 2025/2026 and a version for public consultation will likely only be ready in 2026/2027.



Transitional arrangements pertaining to the prudential regulation of retirement funds, collective investment schemes, friendly societies and medical schemes

The FSCA and the PA are currently in the process of developing an implementation plan that will guide the transition of prudential regulation of retirement funds, collective investment schemes and friendly societies to the PA come 31 March 2026. Planning for the transition is progressing well, and it is likely that the transition will occur on a staggered basis comprising more than one phase.

2. FSCA publishes its Regulatory Actions Report for 2024/25

The Financial Sector Conduct Authority (FSCA) has published its Regulatory Actions Report for the 2024/25 financial year. The report outlines enforcement activities undertaken between 1 April 2024 and 31 March 2025. It also sets out the FSCA's forward-looking priorities, informed by prevailing trends and emerging risks.

The report advances the FSCA's strategic objective of upholding confidence and integrity in the financial sector. It does so by increasing the visibility of enforcement activities, deterring misconduct and raising awareness of regulatory requirements. The report also reflects the FSCA's ongoing efforts to embed the principles of Treating Customers Fairly across the financial sector and to take firm action against misconduct.

To support these objectives, the FSCA has implemented mechanisms aligned with the Protected Disclosures Act, ensuring confidentiality and anonymity where required. These include a dedicated whistle-blower hotline, a protected disclosure protocol and flexible reporting channels to facilitate the submission of information to enforcement teams.

The FSCA undertook more than 1 350 enforcement-type interventions during the reporting period. This includes the imposition of 51 administrative penalties amounting to almost R120 million, the issuing of 107 public warnings, the securing of 14 enforceable undertakings and the suspension or withdrawal of 406 licences.

The report underscores several heightened risk areas that will inform the FSCA's enforcement priorities in the year ahead:

- On-line harm, including social media scams, signal providers and influencers.
- Misuse of financial licences to front unauthorised operations.
- Regulatory examination fraud.
- Misleading advertising and inappropriate product claims.
- Non-compliance with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) risk and control frameworks.



3. Exemption in respect of transfers between retail funds from the requirements of section 14(1) of the Pension Funds Act

The Financial Sector Conduct Authority (FSCA) has, in terms of FSCA RF Notice 8 of 2025, published an exemption from the requirements of section 14(1) of the Pension Funds Act in respect of transfers between retail funds. A retail fund is defined in the exemption as a retirement annuity fund, a pension preservation fund and a provident preservation fund.

The exemption will, subject to certain conditions, apply in respect of the following:

- transfers between retirement annuity funds;
- transfers between preservation funds;
- transfers from a preservation fund to a retirement annuity fund.

4. Demarcation regulations: 2025 escalation of policy benefits

The Minister of Finance has granted approval for the publication of the 2025 annual policy benefit escalations in terms of the demarcation regulations, issued in terms of the Long-term Insurance Act and the Short-term Insurance Act. The demarcation regulations specify which types of contracts are regulated under the Long-term Insurance Act and the Short-term Insurance Act as health policies, and accident and health policies, respectively, and accordingly are excluded from the Medical Schemes Act.

The regulations provide that all benefit amounts referred to in the regulations escalate annually, from the effective date, by the Consumer Price Index (CPI) annual inflation rate published by Statistics South Africa. The benefit amounts have from 1 April 2025 increased by 4,4 percent.

Retirement funds or other clients requiring more information should not hesitate to contact their consultant.