

## GUIDANCE NOTE GN000(a)

### CODE SERIES FS000, STATEMENT 000 – GENERAL PRINCIPLES AND THE SCORECARD

#### GUIDELINES FOR THE EXEMPTION FOR GROUP REPORTING

##### 1. Introduction

Following the gazetting of the Amended Financial Sector Code (Amended FSC) on 1 December 2017, Statement 000 requires that all entities measured under the Amended FSC comply with the following clauses when reporting:

*"8.4 Each financial institution, irrespective of the fact that it is a member of a group, must be measured and reported on its own; and*

*8.5 A financial institution that is a member of a group may be measured and reported on as part of the South African group provided that such group reporting is approved in advance by the Financial Sector Council."*

##### 2. Objectives

The objectives of this guidance note are to:

- 2.1 Outline the reasons for the separate reporting.
- 2.2 Outline the criteria to determine who should report separately.
- 2.3 Provide a list of entities that have been pre-identified for separate reporting.

##### 2.1 Reasons for the separate measurement and reporting

The inclusion of clauses 8.4 and 8.5, as indicated above, is mainly to measure, verify and report on progress of the transformation of major sub-sectors or industries of the financial sector. Most of these sub-

sectors have been outlined in the scope of application of the FS Code. Disallowing group reporting for certain entities will allow the Financial Sector Transformation Council (the Council) to sufficiently

track sector and industry performance, ensure that sub-sector performance is not diluted or masked through group reporting and that there is no loss of data for sub-sector specific elements such as Access to Financial Services and Empowerment Financing.

## **2.2 Criteria used to determine who should report separately**

In order to ensure significant report representation of sub-sectors and to provide comprehensive reporting data for the Annual Transformation Report which tracks the performance of the sector and its sub-sectors against transformation targets, the Council agreed on the following:

**2.2.1** All entities that add up to 90% of the market share for a sub-sector or those that are significant players in their respective sub-sectors, regardless of being included in the group report, must be measured, verified and reported on separately. A list of entities by sub-sector, that are required to be measured, verified and reported on separately, will be provided by the Council as part of this guidance note and updated on an annual basis. The exclusion of an entity on the list does not by any means preclude the Council from requesting such entity to be measured, verified and reported on separately. Similarly, the inclusion of an entity on the list does not preclude an entity from applying for an exemption to report as part of a group should the entity's circumstances provide them with reasonable grounds to be exempted.

**2.2.2** In the case where an entity is allowed to report only as part of a group and yet such an entity has targets for Access to Financial Services and/or Empowerments Financing as issued by the industry body, such targets must be measured and verified during the group verification process. These targets

need not necessarily appear on the verification certificates but should be reported to the Council. Should in this instance, an entity fails to report to the Council within 30 days of the issue of the verification certificate on their Access to Financial Services and/or Empowerment Financing Target, the group will be downgraded by one level in their next verification.

### **2.3 List of entities required to be measured, verified and reported on separately**

The following entities, while they may be included in their group report, are required to be measured and reported on separately:

#### **2.3.1 Banks**

Banks may be measured, verified and reported on as a group. However, where within the group there is an entity required to be measured and reported on separately, such measurement, verification and reporting must be undertaken.

### 2.3.2 Long-Term Insurance

### 2.3.3 Asset Management

<ol style="list-style-type: none"><li>1. Old Mutual</li><li>2. Sanlam</li><li>3. Liberty</li><li>4. Momentum Group (MMI)</li><li>5. Discovery Life</li><li>6. Investec Life Insurance</li><li>7. Professional Provident Society</li><li>8. Hollard Life Assurance Co</li><li>9. AVBOB Mutual Assurance Society</li><li>10. Assupol Life</li></ol>	<ol style="list-style-type: none"><li>1. Public Investment Corporation</li><li>2. Old Mutual Investment Group</li><li>3. Stanlib Asset Management</li><li>4. Allan Gray Limited</li><li>5. Sanlam Investment Management</li><li>6. Investec Asset Management</li><li>7. Coronation Fund Managers</li><li>8. Nedgroup Investments</li><li>9. Alexander Forbes Investments</li><li>10. Prudential Portfolio Managers</li><li>11. Futuregrowth Asset Management</li><li>12. Foord Asset Management</li><li>13. Sygnia Asset Management</li><li>14. Momentum Asset Managers</li><li>15. Taquanta Asset Managers</li><li>16. ABSA Asset Management</li><li>17. Ashburton Investments</li><li>18. Prescient Investment Managers</li><li>19. Abax Investments</li><li>20. Mazi Asset Management</li></ol>
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2.3.4 Short-term Insurance

2.3.5 Private Equity

<ol style="list-style-type: none"><li>1. Santam</li><li>2. Old Mutual Insure</li><li>3. Hollard Insurance</li><li>4. Guardrisk</li><li>5. OUTsurance</li></ol>	<ol style="list-style-type: none"><li>1. Actis</li><li>2. African Infrastructure Investment Managers (AIIM)</li><li>3. Carlyle South Africa Advisors (Pty) Ltd</li><li>4. Ethos Private Equity</li><li>5. Harith Fund Managers</li><li>6. RMB Ventures</li><li>7. Vantage Capital</li></ol>
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### 2.3.6 Asset Consultants

### 2.3.7 Stock Brokers

<ol style="list-style-type: none"> <li>1. Willis Towers Watson</li> <li>2. Riscura</li> <li>3. Alexander Forbes Consulting &amp; Actuarial Services</li> <li>4. Old Mutual Corporate Consultants (former Old Mutual Actuaries and Consultants)</li> <li>5. Liberty Corporate Consultants and Actuaries (Encompasses Actuarial, Asset, Benefit and Corporate Consulting Services)</li> <li>6. Mentenova Asset Consultants</li> <li>7. Novare Actuaries &amp; Consultants</li> <li>8. Independent Actuaries &amp; Consultants</li> <li>9. Simeka Consultants and Actuaries (Sanlam also acquired Absa Consultants &amp; Actuaries)</li> <li>10. Momentum Consultants and Actuaries (or Momentum Outcomes Based Solutions)</li> <li>11. Sasfin Asset Consulting</li> <li>12. NMG Asset Consultants &amp; Actuaries</li> </ol>	<ol style="list-style-type: none"> <li>14. NBC Consultants and Actuaries</li> <li>15. Mosaic Investments</li> <li>16. FundHouse</li> <li>17. Analytics Consultants</li> </ol>
<ol style="list-style-type: none"> <li>13. Selekane Consultants</li> </ol>	

### 2.3.6 Asset Consultants

1. Legal & Co (Pty) Ltd
2. RMB Morgan Stanley (Pty) Ltd
3. JP Morgan Equities SA (Pty) Ltd
4. Investec Securities (Pty) Ltd
5. ABSA Capital Securities (Pty) Ltd
6. SGB Securities (Pty) Ltd
7. Citigroup Global Markets (Pty) Ltd
8. UBS South Africa (Pty) Ltd
9. Merrill Lynch SA (Pty) Ltd
10. Deutsche Securities (Pty) Ltd

### 2.3.7 Stock Brokers



### 2.3.8 Retirement Funds

The Amended FS Code include a voluntary scorecard for the top 100 retirement funds as determined by asset size. Below is the list of entities that fall within the top 100 retirement funds:

1. Government Employee Pension Fund	2. Eskom Pension and Provident Fund
3. Metal & Engineering Industries	4. Transnet
5. Sentinel Retirement Funds	6. Sasol Pension Fund
7. Standard Bank Group Provident Fund	8. Motor Industry Provident Fund
9. Telkom Retirement Fund	10. Mineworkers Provident Fund
11. FNB Pension Fund	12. Natal Joint Municipal
13. Nedgroup	14. Fundsatwork Umbrella Pension Fund
15. Fundsatwork Umbrella Provident Fund	16. Municipal Gratuity Fund
17. Municipal Gratuity Fund	18. The Consolidated Retirement Fund for Local Government
19. Cape Joint Municipal	20. Consolidated Fund for Local Government
21. Post Office	22. Denel Retirement Fund
23. AECI Employees Pension Fund	24. De Beers Pension Fund
25. Municipal Employees Pension Fund	26. South African Local Authorities Pension Fund
27. Auto Workers Provident Fund	28. National Fund for Municipal Workers
29. National Tertiary Retirement Fund	30. SABC Pension Fund
31. Durban Pension Fund	32. Sanlam Umbrella Pension Fund
33. Phumula Retirement Fund	34. Municipal Workers' Retirement Fund
35. Unilever SA Pension Fund	36. SAB Provident Fund
37. Arcelormittal South Africa Pension Fund	38. University of South Africa Retirement

39. EJOBURG Retirement Fund	40. The Transport Sector Retirement Fund
41. Private Security Sector Provident Fund	42. Impala Workers Provident Fund
43. SACCAWU National Provident Fund	44. South African Reserve Bank Retirement Fund
45. Chemical Industries National Provident Fund	46. Altron Group Pension Fund
47. TFG Retirement Fund	48. Woolworths Group Retirement Fund
49. VWSA Pension Fund	50. Political Office-Bearers Pension Fund
51. University of Cape Town Retirement Fund	52. AECI Defined Contribution Pension Fund
53. Tshwane Municipal Provident Fund	54. Vodacom Group Pension Fund
55. Independent Schools Association of Southern Africa	56. Pick N Pay Contributory Provident Fund
57. Sanlam Staff Umbrella Pension Fund	58. Masakhane Provident Fund (1998)
59. Nestle Defined Benefit Pension Fund	60. Engen Pension Fund
61. Mediclinic Retirement Fund	62. Implats Pension Fund
63. Bidvest South Africa Pension Fund	64. Iscor Employees Umbrella Provident Fund
65. La Retirement Fund	66. North-West University Pension Fund
67. Universiteit Van Stellenbosch Provident Fund	68. Retail Provident Fund
69. University of Pretoria Provident Fund	70. NMG Umbrella Smartfund (Provident Section)
71. Retirement-On-Line Provident Fund	72. Investec Group Provident Fund
73. University of The Witwatersrand Retirement Fund	74. Liberty Provident Fund
75. Glencore Provident Fund	76. Retirement-On-Line Pension Fund
77. Tshwane Municipal Pension Fund	78. Imperial Group Provident Fund
79. Netcare 1999 Provident Fund	80. Massmart Provident Fund
81. Germiston Municipal Retirement Fund	82. Pensioenfonds Van Die Universiteit Van Die Vrystaat

83. Joint Municipal Pension Fund	84. Municipal Councillors Pension Fund
85. Mondi Mpact Group Fund Provident Section	86. University of Kwazulu-Natal Retirement Fund
87. Tongaat Hulett Pension Fund 2010	88. PRASA Provident Fund
89. City of Johannesburg Pension Fund	90. Life Healthcare Provident Fund
91. Rand Water Provident Fund	92. NBC Umbrella Retirement Fund
93. EDCON Provident Fund	94. Media24 Retirement Fund
95. University of Pretoria Pension Fund	96. The Soweto City Council Pension Fund
97. Toyota South Africa Pension Fund	98. The M Retirement Fund
99. CSIR Pension Fund	100. Sun International Provident Fund