

RETAIL DISTRIBUTION REVIEW (RDR) STATUS UPDATE AS AT DECEMBER 2016

The Financial Services Board (FSB) has published a status update on progress with implementing the proposals of the Retail Distribution Review (RDR).

The initial RDR discussion document was published in November 2014. Against the background of the Treating Customers Fairly (TCF) approach to regulating conduct of business in financial services, the RDR discussion document proposed substantive reforms to the regulatory framework for financial advice and for distribution of financial products to customers.

The RDR put forward a range of regulatory proposals to be implemented in three broad phases. In November 2015 the FSB published an update on the implementation plans for the Phase 1 RDR proposals, followed by a more general status update in December 2015.

Technical work, consultation processes and reviews of extensive stakeholder inputs have continued throughout 2016. The status update document as at December 2016 provides an overview of the status of specific regulatory instruments that will give effect to RDR Phase 1 proposals and provides an update on the FSB's current thinking regarding proposals to be implemented in RDR Phases 2 and 3, including planned technical work that will be undertaken.

RDR Phase 1 is being given effect through proposed amendments to the following regulatory instruments:

- The General Code of Conduct for Authorised Financial Services Providers and Representatives, issued under the Financial Advisory and Intermediary Services Act (FAIS Act), to be consulted on in early 2017
- Fit and Proper Requirements for Financial Services Providers, issued under the FAIS Act, published for comment in October 2016
- Regulations issued under the FAIS Act, which will be consulted on in early 2017
- Regulations under the Long-term Insurance Act and the Short-term Insurance Act, published on 9 December 2016, for comment by 22 February 2017
- Policyholder Protection Rules under the Long-term Insurance Act 52 and the Short-term Insurance Act 53, to be published on 15 December 2016 for comment by 22 February 2017.

RDR Phase 1 regulatory reforms are planned to take effect in the first half of 2017, with transition periods provided for where appropriate.

The Retail Distribution Review Status Update as at December 2016 has been published on the FSB website (www.fsb.co.za).

-END-

Note to Editor:

The FSB published its Retail Distribution Review (RDR) discussion document in November 2014. Against the background of the Treating Customers Fairly approach to market conduct regulation, the RDR proposed a series of regulatory reforms aimed at ensuring distribution models that:

- Support the delivery of suitable products and provide fair access to suitable advice for financial customers
- Enable customers to understand and compare the nature, value and cost of advice and other services that intermediaries provide
- Enhance standards of professionalism in financial advice and intermediary services to build consumer confidence and trust
- Enable customers and distributors to benefit from fair competition for quality advice and intermediary services, at a price more closely aligned with the nature and quality of the service being rendered, and
- Support sustainable business models for financial advice that enable adviser businesses to viably deliver fair customer outcomes over the long term.

-Ends-

Enquiries: Ms Tembisa Marele
Communications Specialist
Financial Services Board
Email address: Tembisa.Marele@fsb.co.za
Telephone: 012 428 8025
083 754 2052