

FSCA Press Release

31 July 2020

Financial Services Tribunal reduces penalty imposed by the FSCA on MET Collective Investments Limited for the contravention of financial sector laws

The Financial Services Tribunal (“**Tribunal**”) has handed down its decision on an application by MET Collective Investments (Pty) Ltd (“**METCI**”) for a reconsideration of a decision and order made by the Financial Sector Conduct Authority (“**FSCA**”), in which the FSCA imposed a penalty of R100 million for contraventions of the Collective Investment Schemes Control Act and certain Board Notices .

The FSCA’s decision followed an investigation into METCI, subsequent to one of its unit trust funds, the Third Circle MET Target Return Fund (“**Fund**”) losing significant value during the period 8 to 11 December 2015.

The Tribunal has set aside the FSCA’s finding of recklessness. It also reduced the penalty imposed by the FSCA for contraventions that included, amongst others, that METCI failed to administer the CIS scheme with due care, skill and diligence on the basis that it was inappropriately high. The Tribunal replaced the penalty imposed by the FSCA with a penalty of R30 million, of which it remitted R10 million.

The FSCA is of the view that the Tribunal’s decision sends out a strong message to CIS manager’s to ensure that white label portfolios are properly managed.

A copy of the of decision will be made available on the Tribunal’s website:

[https://www.fsc.co.za/Enforcement-Matters/Pages/Financial-Service-Tribunal-
Decisions.aspx](https://www.fsc.co.za/Enforcement-Matters/Pages/Financial-Service-Tribunal-Decisions.aspx)

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