



Legal Services

FINANCIAL SERVICES



ON THE SCALES 11 OF 2019

Draft Conduct Standard prescribing minimum skills and training requirements for trustees

The Financial Sector Conduct Authority (“the Authority”) has issued a draft Conduct Standard prescribing the minimum skills and training requirements that trustees must have.

In 2014, the Pension Funds Act was amended and now requires new trustees to attain (within six months of his or her appointment to the board) and to maintain such levels of skills and training as may be prescribed by the Authority.

Summary

- The Authority has issued a draft Conduct Standard prescribing the minimum skills and training requirements that trustees must have.
- Trustees must do the Trustee Toolkit within 6 months of becoming a trustee.
- The Conduct Standard will become effective from 1 January 2020.
- Trustees appointed before 1 January 2020 must complete the Trustee Toolkit by 30 June 2020.
- Trustees who complete the Trustee Toolkit before 1 January 2020 do not have to complete the certification again.

The prescribed requirements

Trustees will have to complete the Trustee Toolkit (available on www.trusteetoolkit.co.za) within six months of becoming a trustee. This is in addition to further skills and training from credible providers as deemed necessary by the board.

Comments have been submitted asking what will happen to a trustee who does not complete the Trustee Toolkit in 6 months and also asking for clarity as to what a “credible provider” is and who determines this?

The Trustee Toolkit includes two types of assessment:

- completion of tutorials, case studies and formative (initial) assessment; and
- completion of a summative (final) assessment under the supervision of the principal officer or chairperson of the board to ensure that it is completed without assistance.

Comments have been raised asking whether it is practical for the chairperson or principal officer to supervise the trustees and whether they will need to certify that they did in fact supervise the trustees.

Trustees will have to complete additional prescribed modules under the supervision of the principal officer or the chairperson of the board, as and when the Authority amends the Trustee Toolkit. *It is not clear what timeframe will apply for the completion of the additional modules.*

The Authority will keep the records of the Trustee Toolkit certification successfully completed by a trustee.

Transitional arrangements

The Conduct Standard will become effective 1 January 2020.

All trustees appointed before 1 January 2020 must complete the Trustee Toolkit by 30 June 2020.

Trustees who successfully complete the Trustee Toolkit before 1 January 2020 are not required to complete the certification again.

Individuals who successfully completed the Trustee Toolkit certification and are subsequently appointed to a board are not required to complete the certification again.

Statement supporting the draft Conduct Standard

The Authority noted that trustees may not have the expertise to perform their fiduciary duties and contribute positively to the governance of the fund. Trustees can face challenges in performing their responsibilities, which could even result in them being removed from the board.

Ultimately these requirements should result in the fair treatment and protection of members.

Comments have been submitted on the draft Conduct Standard and we await to see the final version.

If you need more information, please contact your consultant.
