

# FINANCIAL SERVICES BOARD



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**STRATEGIC PLAN  
2010/11 – 2012/13**

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## DEFINITIONS

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AAISA	Association of African Insurance Supervisory Authorities
AIO	African Insurance Organisation
CISCA	Collective Investment Schemes Control Act
CISNA	Committee for Insurance, Securities and Non-banking Financial Authorities
EXCO	Executive Committee of the FSB
IAIS	International Association of Insurance Supervisors
IOPS	International Organisation of Pension Supervisors
IOSCO	International Organisation of Securities Commissions
FAIS Act	Financial Advisory and Intermediary Services Act
FAIS Ombud	Ombud for Financial Services Providers
FIC	Financial Intelligence Centre
FICA	Financial Intelligence Centre Act
FSAP	Financial Sector Assessment Programme
FSB	Financial Services Board
FSB Act	Financial Services Board Act
FSOS Act	Financial Services Ombud Schemes Act
FSP	Financial Services Provider
MOU	Memorandum of Understanding
NCR	National Credit Regulator
PFA	Pension Funds Adjudicator
PFMA	Public Finance and Management Act
SADC	Southern African Development Community
SARB	South African Reserve Bank
SSA	Securities Services Act

## **1. INTRODUCTION**

The FSB came into existence in 1990 as an independent body to supervise and regulate the non-banking financial services industry in the public interest, following the recommendations of the Van der Horst Committee. The FSB is responsible for ensuring that regulated entities comply with the relevant legislation as well as capital adequacy requirements to promote the financial soundness of these entities thereby protecting the investing community. With the introduction of the FAIS Act, in September 2004, the mandate of the FSB was expanded to include aspects of market conduct in the banking industry. In addition, the FICA has also added another dimension to the jurisdiction of the FSB whereby the FSB has to incorporate those aspects of FICA that are relevant in its regulatory framework.

The FSB has developed and maintained a strong, effective presence in the regulatory field over the past years, in South Africa and internationally, while working closely with its counterparts to establish equally tenable regulatory frameworks elsewhere in Africa. The FSB has gained a sound understanding of regulatory issues and acquired competent staff and a good level of support and co-operation from the industries and institutions under its supervision. This in turn has created the right platform for achieving efficiency and effectiveness, both in the specific context of its statutory (supervisory and advisory) role, and in the wider context of the public interest, promoting soundness and efficiency in the financial institutions the FSB supervises, including the promotion of investor protection.

Due to the dynamic nature of the external and internal environment as well as the shifting needs and requirements of its stakeholders, it is imperative that the FSB reviews its strategies regularly to ensure that it remains relevant and effective. Whilst strategies are crafted to set the long-term direction of an organisation, the ever-changing external and internal environment that the FSB operates within, dictates that strategies have to be continually reviewed to ensure that the strategic objectives, measures and goals set therein are relevant. To this end the FSB regularly reviews and amends its strategy, with the express purposes of:

- (a) identifying critical strategic focus areas that will span the next three to five years;
- (b) utilising these strategic focus areas to guide and inform the development of the detailed divisional business plans; and
- (c) developing measures to support the strategic focus areas.

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In designing the FSB's strategic framework, the FSB has taken into account the expectations and needs of its direct external and internal stakeholders to ensure the creation of sustainable stakeholder value, cognisance been had of the dynamic factors that make up the financial services environment and the resources available to the organisation. The FSB has conducted a thorough evaluation of past years' business performance against the 2008-2000 strategic objectives to ensure that those objectives which are still relevant are maintained as the FSB is continually striving to modernise its approach to regulation, while at the same time complying with international standards.

## **2 FSB VISION AND MISSION**

### **2.1 Vision**

The FSB vision is to promote and maintain a sound financial investment environment in South Africa.

### **2.2 Mission**

The FSB mission is to promote:

- Fair treatment of consumers of financial services and products;
- Financial soundness of financial institutions;
- Systemic stability of financial services industries; and
- Integrity of financial markets and institutions.

### **2.3 Values and Guiding Principles**

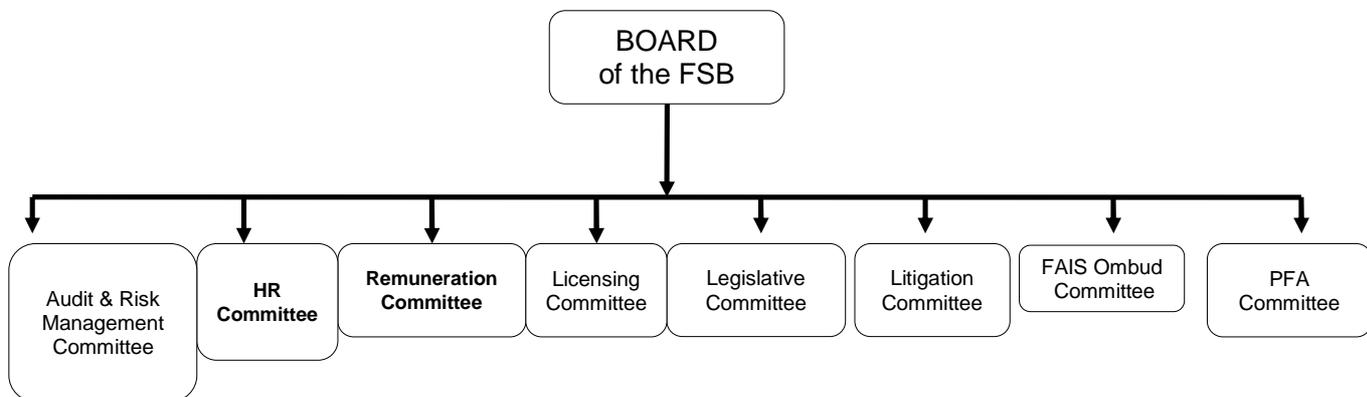
We at FSB will act professionally at all times in all that we do and say. To this end, we undertake to:

- Demonstrate the highest level of technical competence
- Conduct all our business in the highest level of confidence
- Collaborate effectively as team members to deliver effective services
- Enhance stakeholder synergy through collaboration
- Apply the regulatory framework in a consistent and fair manner
- Treat all with respect and empathy

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### 3 OVERVIEW OF FSB OPERATIONS

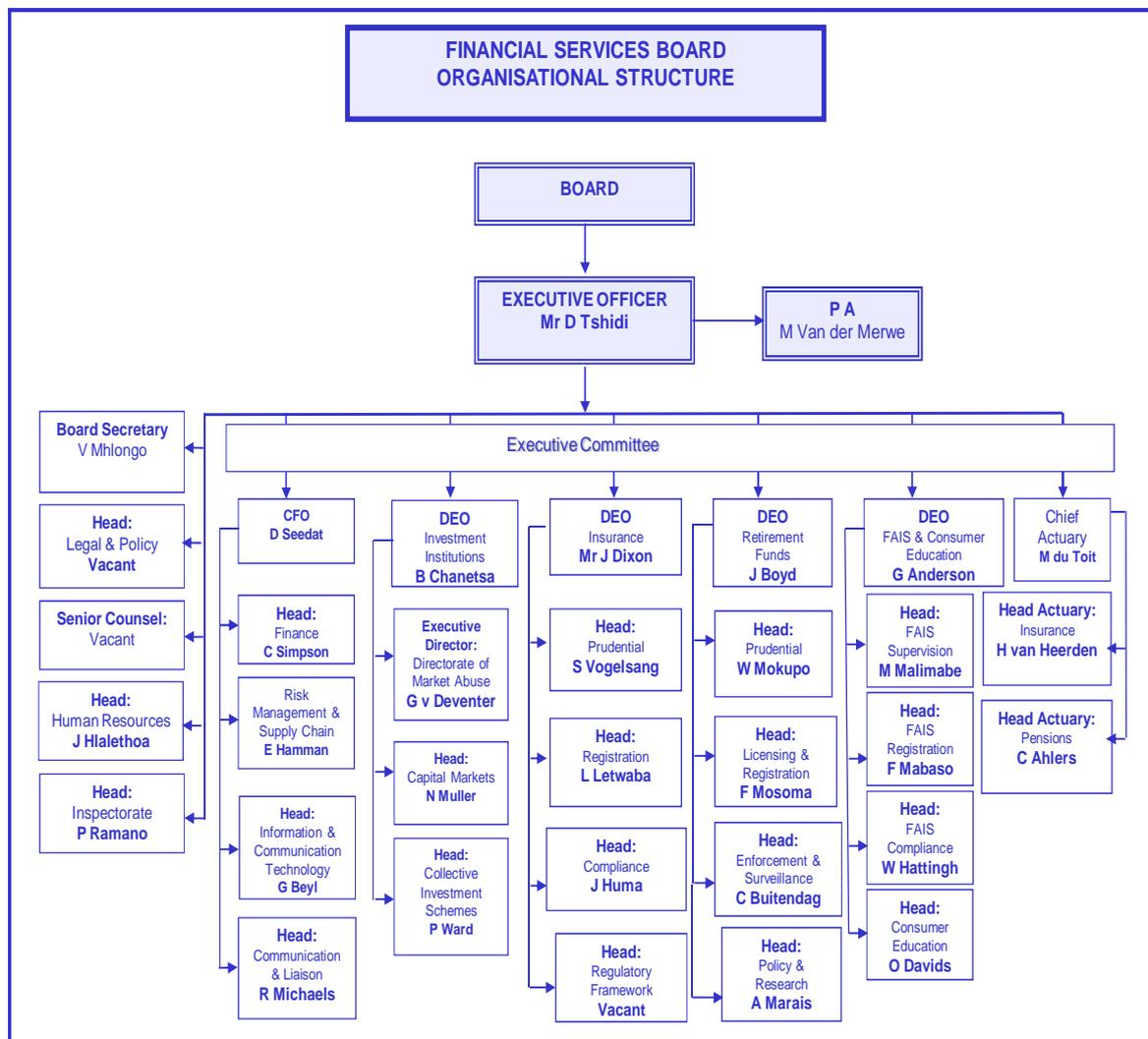
#### 3.1 FSB Governance Structure



The Board of the FSB oversees the operations of the organisation through the various committees of the Board as reflected above. The powers of all committees of the Board are limited to making recommendations to the Board with the exception of the Licensing Committee that recommends to the Registrar and reports back to the Board.

The FAIS Ombud Committee and the PFA Committee have as their specific focus, the operations and affairs of the Offices of the FAIS Ombud and the PFA respectively. The Office of the FAIS Ombud is created by the FAIS Act and the Office of the PFA is created by the Pension Funds Act. The FSB provides funding for the operations of the two Offices on the basis of approved budgets. The Offices are part of the same regulatory framework within which the FSB operates but they are independent from the FSB as their sole mandate is to dispose of complaints lodged by consumers of financial services in terms of their respective Acts, in a procedurally fair, economical and expeditious manner.

### 3.2 FSB Operational Structure



The FSB is presided over by an Executive Officer who is also the Registrar in terms of the various acts administered by it. There are four Deputy Executive Officers (DEO's) responsible for supervision of the various industries, namely Investment Institutions, Insurance, Retirement Funds and Friendly Societies and Market Conduct & Consumer Education. The FSB is organised into four line divisions, three line support and six general support departments.

To maximise efficiency and cost control, the line divisions control, to an optimum extent, the resources necessary to fulfil their functions rather than to be dependent on common services from other departments not under their control. All compliance related work (as distinct from true inspections envisaged by the Inspection of Financial Institutions Act where information has to be obtained by exercising the statutory powers conferred by the Act) is carried out by the line divisions. Similarly, the initial development of all new

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legislation or amendments to existing legislation is done by line staff. Each line division conducts research on issues directly affecting it. The structure of the line divisions largely reflects the regulatory priorities in terms of the balance between prudential and market conduct regulation.

### **3.3 Line Divisions**

#### **3.3.1 Investment Institutions**

The Investment Institutions division is mainly concerned with the supervision of the formal investment markets.

The division comprises of the following three departments:

##### **3.3.1.1 Capital Markets**

The Capital Markets department is responsible for the supervision of the South African licensed exchanges, central securities depositories and clearing houses in terms of the SSA. In fulfilling this function, the department strives to ensure sound, efficient and fair capital markets and related services for the trading of securities, including appropriate mechanisms for investor protection.

##### **3.3.1.2 Collective Investment Schemes**

The CIS department supervises collective investments schemes in securities, property and participation bonds in terms of the Collective Investment Schemes Control Act, 2002 (CISCA). The CIS department contributes to investor protection by vigilant monitoring of scheme operators for compliance with the law and taking regulatory action when necessary.

##### **3.3.1.3 Directorate of Market Abuse**

The department of Market Abuse is responsible for combating insider trading, prohibited trading practices (price manipulation) and false reporting relating to listed companies. The department derives its mandate from the provisions contained in the SSA. It is therefore responsible for investigation and taking enforcement action in all cases of financial market abuse. Findings of investigations are reported to the Directorate of Market Abuse, which is a statutorily appointed body of market experts and regulators. The Directorate guides and supervises the exercise of enforcement powers in terms of the SSA. The Directorate has established itself in the market place as regulator with significant impact. One of the reasons for success in enforcement is the very close working relationship between the Directorate and the JSE surveillance team.

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### **3.3.2 Insurance**

The Insurance division is responsible for the supervision of the long-term and short-term insurance industries in terms of the Long-term and Short-term Insurance Acts, 1998, respectively. In South Africa, only insurers registered in terms of these Acts can conduct business. Currently there are approximately 87 long-term insurers and 112 short-term insurers registered. The insurance industry is regulated both in terms of prudential regulation that focuses on financial soundness and market conduct regulations aimed at ensuring fair treatment of customers.

The Insurance division comprises of the following four departments:

#### **3.3.2.1 Registration**

The Registration department focuses on licensing of insurers and other regulatory approvals, such as transfers of business and mergers and acquisitions. A key focus area is fit and proper requirements for the senior management and directors of insurance companies. In addition, the department is responsible for proper implementation of anti-money laundering and combating the financing of terrorism (AML/CFT) in the insurance industry.

#### **3.3.2.2 Prudential**

The Prudential department is primarily responsible for the supervision of the financial soundness of long-term and short-term insurers. This section is also responsible for performing insurance group reviews and the development of an insurance group legislative framework. The department also takes part in on-site visits of registered insurers to perform a risk assessment on each regulated insurer as part of the risk-based approach to supervision

#### **3.3.2.3 Compliance**

The Compliance department supervises the conduct of insurers in terms of compliance with legislation and the fair treatment of policyholders. The department also takes part in on-site visits of registered insurers to evaluate their conduct of business as part of a risk-based approach to supervision. The responsibility of the department includes taking supervisory action against unregistered insurers.

#### **3.3.2.4 Regulatory Framework**

The Regulatory Framework department is responsible for research on regulatory policy, developing legislative proposals, strengthening regulatory practices and overseeing the supervisory framework. The department co-ordinates a range of regular stakeholder

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engagements as part of a consultative approach to developing the regulatory framework. The department is also responsible for co-ordinating on-site visits of registered insurers in accordance with a supervisory framework and programme.

### **3.3.3 Retirement Funds and Friendly Societies**

This division oversees the Retirement Funds Industry in terms of the Pension Funds Act, 1956, and the Friendly Societies Industry in terms of the Friendly Societies Act, 1956. The department supervises approximately 8000 Retirement Funds and Friendly Societies. The Government Employees Pension Funds, the Transnet Pension Fund and Post Office Pension Fund are not regulated by the FSB as they do not fall within the regulatory framework of the Pension Funds Act. National Treasury has issued a discussion paper on the Social Security and Retirement Reform and the Pensions Department will be focusing on the pension reform process for the next few years.

The Retirements Funds division comprises of the following four departments:

#### **3.3.3.1 Licensing and Registration**

This department is responsible for registration of pension fund and friendly society rules, and subsequent changes to these rules as well as the licensing of fund administrators.

#### **3.3.3.2 Prudential**

The Prudential department monitors the financial soundness of pension funds and friendly societies by analysing their audited annual financial statements.

#### **3.3.3.3 Surveillance and Enforcement**

The Surveillance and Enforcement department is responsible for dealing with complaints and for conducting of compliance visits to monitor compliance with relevant regulatory requirements in respect of funds, societies and fund administrators'.

#### **3.3.3.4 Research and Policy**

The Research and Policy department is responsible for developing internal policy for dealing with regulatory issues and where necessary, drafting and developing Circulars to guide the industry. The department is also responsible for researching and drafting legislation for review by the FSB's Legal and Policy Department before submission to National Treasury.

### **3.3.4 Market Conduct & Consumer Education**

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### 3.3.4.1 Financial Advisory & Intermediary Services (FAIS)

The division is responsible for the oversight and supervision of the financial advisory and intermediary services industry in terms of the FAIS Act. The purpose of the Act is to regulate in pursuance of consumer protection, the provision of advice and intermediary services to certain clients in respect of a wide range of financial products and services. In excess of 14 000 FSPs have been registered in terms of the FAIS Act.

The division is structured into three areas of focus, namely, Registration, Supervision, and Enforcement.

#### 3.3.4.1.1 Registration

The Registration department is responsible for the processing of new licence applications and profile changes.

#### 3.3.4.1.2 Supervision

The Supervision department is responsible for the analysis of financial statements and compliance reports as well as on-site visits.

#### 3.3.4.1.3 Enforcement

The Enforcement department is responsible for dealing with complaints and investigations.

### 3.3.4.2 Consumer Education

The Consumer Education department is charged with promoting programmes and initiatives by financial institutions and bodies representing the financial services industry to inform and educate users and potential users of the financial products and services as required by the FSB Act. The long-term vision of the Consumer Education department is to enable all South Africans to manage their financial matters soundly by taking informed decisions about their financial future and also to ensure that all service providers are committed to fair treatment of clients.

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### **3.4 Line Support Departments**

#### 3.4.1 Legal and Policy

The mandate of the Legal and Policy department is to ensure that the statutory function of the FSB is carried out effectively, efficiently and with due regard to the rights and obligations of the stakeholders affected by the actions and decisions taken by the FSB. The department provides the line departments and governance structures within the FSB with legal advice on regulatory and other related matters.

#### 3.4.2 Actuarial

The Actuarial department provides actuarial services to both the Insurance and the Retirement Funds divisions.

#### 3.4.3 Inspectorate

The Inspectorate department acts as a resource to the registrars, where there is a need to formally investigate any issue relating to the various legislation under the registrar's jurisdiction.

#### 3.4.4 Enforcement Unit

The Enforcement Unit prepares and prosecutes cases before the Enforcement Committee of the FSB on behalf of the Registrars and the Directorate of Market Abuse.

### **3.5 General Support Departments**

#### 3.5.1 The general support departments are:

Human Resources – is responsible for managing the human resources as well as formulation and implementation of staff policies.

3.5.2 Board Secretariat – provides support with regard to corporate governance, compliance and secretarial services to EXCO, FSB Board and its sub-committees and all other FSB Committees.

3.5.3 Finance Department – is responsible for management of the financial resources of the FSB.

3.5.4 Supply Chain Management – incorporates Facilities Management and is charged with management of all procurement of goods and services

3.5.5 Risk Management – ensures that the FSB manages its Enterprise Risk Management process effectively to ensure that an uniform approach to risk identification, measurement and treatment is utilised across the organisation. The Department also co-ordinates the FSB's compliance with the ISO9001:2008 standards and the Occupational, Health and Safety Act.

3.5.6 Information Communications Technology – is charged with the development and maintenance of the IT infrastructure to facilitate effective service to stakeholders.

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3.5.7 Communication & Liaison – incorporates the Call Centre and is responsible for communication with internal and external stakeholders.

## **4 REGULATORY ENVIRONMENT**

### **4.1 Economic landscape**

Prior to 2008, the work of the FSB over the previous decade took place against the backdrop of a marked strengthening of the economy and a period of sustained optimism. In recent years higher growth has been achieved in the context of sound fiscal and monetary policies, increasing net foreign exchange reserves, low levels of inflation and interest rates and enduring business confidence. The events of the last year have however, the first many of these gains.

In 2008, the global financial crisis signalled the demise of such iconic institutions as Northern Rock (UK), Lehman Brothers and Bears Stearns (USA). These developments changed the landscape of financial services and investment. It became clear that the policy of light touch regulation had fostered a culture of impunity and excessive risk-taking. Amongst other things, this resulted in the wide penetration of what are now known as toxic assets into the portfolios of diverse investors. It turned out that asset values, particularly those of a housing origin, had been inflated out of all proportion to intrinsic value. The bubble burst with the result that the assets could no longer support the borrowing which had been incurred to finance their acquisition.

The use of certain derivative instruments (e.g. credit default swaps) added to the decline when it became clear that counterparties with significant exposures (e.g. AIG) did not have the means to meet their obligations.

As with regulators in the rest of the world, the FSB has over the past year been reviewing its regulatory practices. It has also moved towards more stringent and more visible regulation in its sphere of operation, namely non-banking financial institutions.

### **4.2 Supervisory and Regulatory framework**

The FSB has responded to changes in the regulatory environment by focusing on implementation, enforcement and revisiting of existing legislation. This follows the passing of an array of new legislation, including the FAIS Act, SSA, CISCA and the FSOS Act. The FSB Act has been amended to set up an enforcement committee empowered to impose administrative penalties. The responsibility of the enforcement committee is to deal with contraventions in terms of all legislation falling under the auspices of the FSB. This is expected to significantly improve the visibility of enforcement and act as a strong deterrent to non-compliance.

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The FSB's capacity for the supervision of regulated entities has been strengthened by a new framework for intensified supervision which is in line with global trends established in 2005 known as Risk Based Supervision. This approach promotes early identification and ongoing management of systemic and organisational risks enabling the FSB to focus its supervisory attention on institutions based on the risk profile of the relevant institution. The new methodology also enhances the delivery of a cost-effective professional service.

#### **4.3 Relationship with other local regulators**

The FSB interacts closely with the Bank Supervision Division (BSD) and Exchange Control departments of the SARB, the NCR, the Council for Medical Schemes, and other local regulators, in the performance of its supervisory duties. An MOU is in place with the SARB and tri-annual meetings are held between the BSD, the Financial Stability Department of the SARB and the FSB to discuss cross-cutting issues.

The FSB has significantly strengthened its relationship with the FIC to ensure early detection of risky practices that undermine the integrity of the financial sector and South Africa's international status as a strong, robust, stable and growing emerging market. Together with the FIC, the FSB vigorously pursues initiatives to ensure that tough anti-money laundering and terrorist financing enforcement strategies are in place in South Africa.

#### **4.4 Relationships with International Organisations**

It is FSB policy to participate in the activities of international and regional regulatory bodies. These include IOSCO, IOPS, IAIS, AAISA and AIO. Through this participation, the FSB keeps abreast of international regulatory developments and has the opportunity to benchmark its regulatory structures against best practice standards as codified by these bodies. Apart from being a signatory to the IOSCO and the SADC multilateral MOUs, the FSB has concluded bilateral MOUs with a large number of jurisdictions. The MOUs are aimed at facilitating and improving the exchange of information and cooperation on enforcement among regulators.

Furthermore, the FSB participates in the activities of African regulatory bodies, particularly those in the SADC region. The objective is to promote financial stability in the region, to harmonise regulatory standards and to establish cooperation among regional regulators. The FSB has participated in the activities of CISNA since its inception. CISNA's main objective is to establish sound regulatory frameworks and to promote and maintain confidence in the financial systems in the SADC region. In addition, CISNA promotes the creation of a comprehensive and harmonised regulatory framework in capital markets, investment services, insurance and retirement funds. The aim is to

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prepare the region's regulatory framework for the free flow of capital within the SADC and, in particular, to address potential regulatory arbitrage.

## **5 SWOT ANALYSIS AND PEST ANALYSIS**

### **5.1 SWOT Analysis**

#### Strengths

- Adherence to mandate
- Commitment to achievement of mandate
- Willingness to confront issues
- Protection of the investors
- Legislation internationally benchmarked
- Reputation in the SADC, as well as regulatory bodies (local, regional and international)
- Support from Ministry of Finance
- Effective Board
- Effective senior management and co-operation within the Executive management team
- Professional staff (graduates with associated behaviour) that support transformation
- Caring for staff (internal support)

#### Weaknesses

- Lack of visible enforcement
- Poor response time
- Transformation in top management
- Attraction and retention of staff with requisite skills
- Absence of an appropriate retention strategy, including incentive system.
- Length of the legislative process

#### Opportunities

- Effective stakeholder management
- Expansion and strengthening of relationship with government and media

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- Strengthening the collaboration with other relevant regulatory departments and bodies
  - Increasing the interaction and relationship building with representative organisations via Industry bodies to strengthen Industry perception
  - Continued development of the FSBs role through CISNA
  - Enhancement of communication to consumers and regulated entities
  - Effective promotion of consumer financial literacy

#### Threats

- Uncertainty with regard to the direction of regulation in South Africa (Single Regulator)
- Gaps in the regulatory framework of investment schemes
- Litigation against the FSB
- Availability and mobility of skills to feed the organisation, especially equity candidates

## 5.2 PEST Analysis

#### Political

- Inter-ministerial relationships, that is Finance, Health and DTI
- Potential changes in political direction

#### Economic

- Skills and capacity impacting directly on the economy
- Volatility of the rand, inflation
- Corruption and organised financial crime
- Worldwide financial crisis

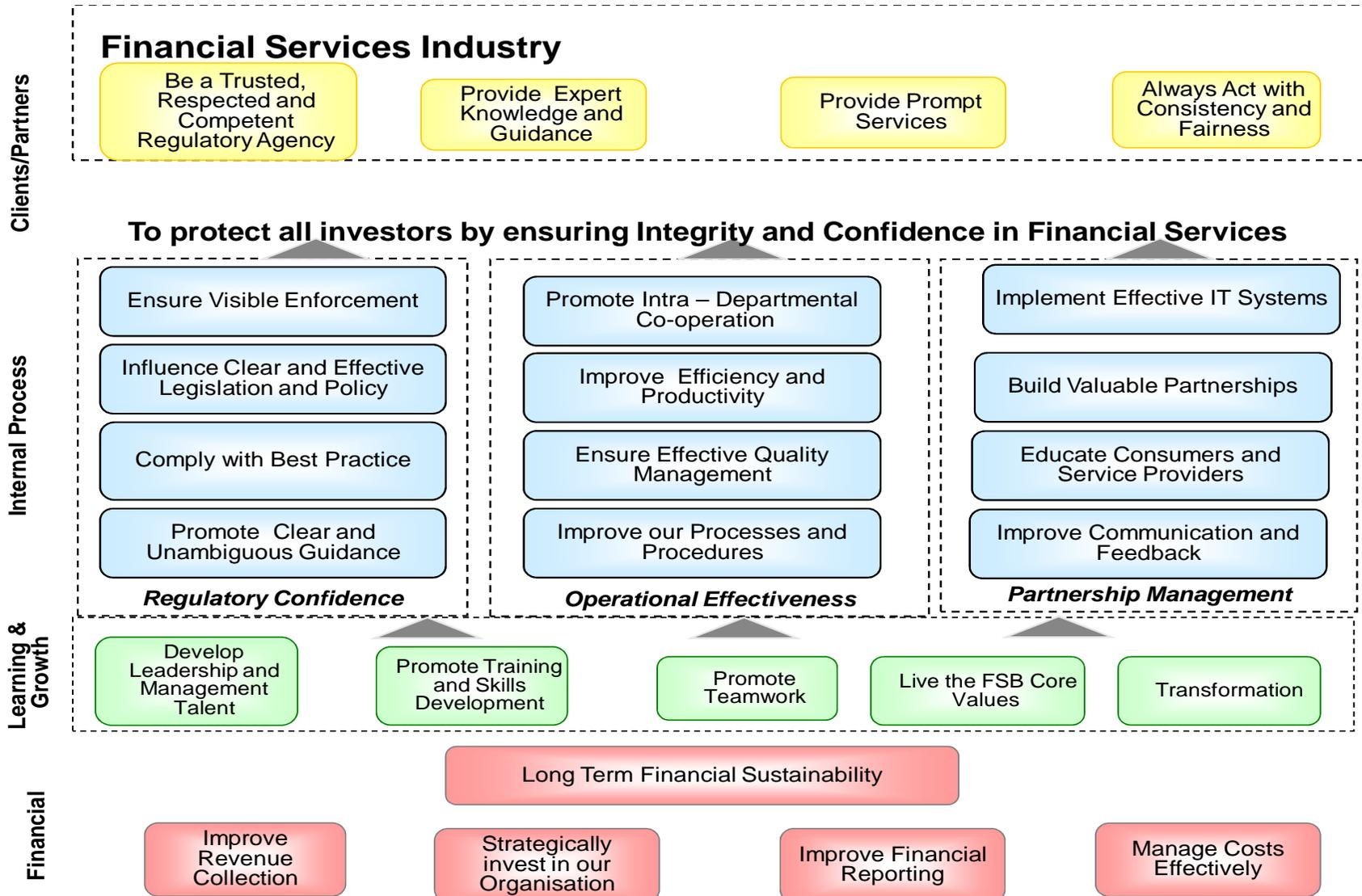
#### Social

- HIV/ Aids risk
- Access to financial means
- Continued high rate of unemployment

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- Continued need for upliftment of the poor
  - Gap between the rich and the poor

#### Technology

- IT trends and the speed of change
- Communication infrastructure
- Costs of new technology
- Increased use of technology to solicit cross-border financial services



**APPENDIX A – STRATEGIC FOCUS AREAS**

Taken from the strategic analysis, a review of the past year's performance, as well as the reviewed strategic intent, the executive team identified the following focus areas as critical to the business.

**STRATEGIC FOCUS AREA 1: CLIENTS/PARTNERS**

**To facilitate communication processes with clients and partners in order to enhance performance, accountability and public confidence**

Strategic Objective	Management Action	Desired Result	Measurement	Target				
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	Comment
Be a trusted, respected and competent Regulatory Agency	Annually compile a regulatory and supervisory plan	Credible licensed entities	Approval of the plan	Approval by 28 February 2010	Approval after 28 February 2010	Approval by 28 February 2010		Quarterly update of the regulatory and supervisory plan. Clearly spell out the actions and respective timelines for the various licensed entities.
	Implement the regulatory and supervisory plan		% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities met	<90%	90%	>90%	
Provide expert knowledge and guidance	Annually prepare a comprehensive industry and stakeholder based engagement plan	Informed stakeholders	Approval of the plan	Approval by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		Communicate to stakeholders to provide knowledge and guidance
	Implement the engagement plan		% achievement of the actions and activities as	90% of actions and activities met	<90%	90%	>90%	The plan should distinguish between consumers and

Strategic Objective	Management Action	Desired Result	Measurement	Target				
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	Comment
			set out in the plan					licensed entities as well as fellow regulators
Provide prompt service	Review and update the Service Level Commitments	Effective service delivery and satisfied clients	Adherence to SLC	90% adherence to SLC criteria	<90%	90%	>90%	Ensure that the deliverables which are set out in the respective SLC's are SMART
Always act with consistency and fairness	Design a policy to achieve consistency with regard to regulatory action	Consistency, transparency and predictability in decision-making	Annual Industry Survey	70% Satisfaction	<70%	70%	>70%	Need to ensure that the industry and stakeholders can plan their activities within a consistent framework

**STRATEGIC FOCUS AREA 2: INTERNAL PROCESSES**

**To protect all investors by ensuring integrity and confidence in financial services**

Strategic Objective	Management action	Desired Result	Measurement	Targets 2010/2011				Comment
				Target	Threshold target <3	Target 3	Stretched target >3	
Ensure visible enforcement	Compile an enforcement policy (DMA, Pensions, Insurance, FAIS, Capital Markets etc.)	Visible regulatory framework.	Approval of Enforcement Policy	Approval by 30 June 2010	Approval after 30 June 2010	Approval by 30 June 2010		Policy needs to, inter alia, address the following:  • Approach to supervision in order to enhance the integrity of the enforcement system
	Implement the enforcement policy	Visible enforcement of legislation	% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities met	<90%	90%	>90%	
Influence clear and effective legislation and policy	FSB departments annually compile programme to research, review and recommend changes to legislation and policy	Relevant legislation that addresses gaps and current needs	Adherence with programme	75% adherence with programme	<75% adherence with programme	75% adherence with programme	>75% adherence with programme	Need to ensure that the FSB stay abreast of regulatory developments to ensure that legislation is relevant
Comply with best practice	Attend, participate in and give feedback from international regulatory meetings including IOSCO and IOPS and maintain membership.	Credible and respected Regulator which is in good standing with other members of international organisations,	Attendance of budgeted meetings e.g. IOSCO, IOPS	100% attendance of budgeted meetings	<100% attendance of budgeted meetings	100% attendance of budgeted meetings		Need to identify collaborative opportunities with regional and international regulatory bodies in order to stay abreast of International best practice
			Submission of a comprehensive report	Submission of a comprehensive report within a week after attendance	Submission of a comprehensive report more than a week after attendance	Submission of a comprehensive report within a week after attendance		

Strategic Objective	Management action	Desired Result	Measurement	Targets 2010/2011				Comment
				Target	Threshold target <3	Target 3	Stretched target >3	
	Fulfill all obligations imposed and assumed etc. in order to keep membership in good standing		Achievement of obligations imposed and assumed	90% achievement of obligations	<90% achievement of obligations	90% achievement of obligations	>90% achievement of	
	Host the annual IOSCO conference in 2011	Successful hosting of the annual IOSCO conference in 2011	Adherence to timeline in project plan	100% achievement to timeline	<100% achievement to timeline	100% achievement to timeline		
	Performance of a King III gap analyses	Efficient and effective corporate governance practices	Finalisation of a King III gap analyses	Finalisation of a King III gap analyses by 30 April 2010	Finalisation after 30 April 2010	Finalisation of a King III gap analyses by 30 April 2010		In contrast to King I and King II, King III applies to all entities regardless of the manner and form of incorporation or establishment. Principles are drafted on the basis that, if they are adhered to, any entity would have practiced good governance.
			Implementation of recommendations	Implementation of 90% of recommendations	Implementation of <90% of recommendations	Implementation of 90% of recommendations	Implementation of >90% of recommendations	
Promote clear and unambiguous guidance	Effective utilisation of Advisory Committees and consultation processes with industry	Provide unambiguous guidance and fair and transparent decision-making	Regular meetings of the advisory committees at least quarterly	Quarterly	< Quarterly 30 June 2010, 30 September 2010, 31 December 2010, 31 March 2011	Quarterly 30 June 2010, 30 September 2010, 31 December 2010, 31 March 2011	>Quarterly 30 June 2010, 30 September 2010, 31 December 2010, 31 March 2011	Continue to build interaction with industry and disseminate information by the Issuing of circulars, directives and newsletters to give guidance on regulatory matters.

Strategic Objective	Management action	Desired Result	Measurement	Targets 2010/2011				Comment
				Target	Threshold target <3	Target 3	Stretched target >3	
Promote intra-departmental co-operation	To develop an internal communication strategy and enhance internal communication within the FSB.	Improved communication and informed employees	Approval of the communication strategy	Approval by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		Need to improve intra departmental communication and collaborative team work.
	Implement an internal communication strategy.		Implemented internal communication strategy	90% achievement of actions and activities met	<90%	90%	>90%	
Improve efficiency and productivity	Implement processes and procedures as required by relevant legislation.	Efficient and productive organisation	Adhering to SLC's with industry	90% adherence to SLC	<90% adherence	90% adherence	>90% adherence	The industry needs to know that it can submit applications and have them processed without undue delay.
Implement effective IT Systems	Approval of the IT strategy and plan	Enhanced internal effectiveness and service delivery	Approved IT strategy and plan	Approval IT strategy and plan by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		IT downtime has the ability to bring work at the FSB to a standstill. This has far reaching consequences and affects the FSB's ability to execute its mandate.
	Implement the IT strategy and plan.		Progress against IT implementation plan	90% achievement of actions and activities met	<90%	90%	>90%	

Strategic Objective	Management action	Desired Result	Measurement	Targets 2010/2011				Comment
				Target	Threshold target <3	Target 3	Stretched target >3	
Ensure effective quality management	Compile a quality management plan	Maintain SABS certification	Maintaining of SABS ISO SANS 9001 certification	100 % unqualified audit reports during yearly audits and maintenance of ISO certification  (Maintaining 3 yearly re-certification only due in 2012)	<100%  • February 2011 • August 2011	100%  • February 2011 • August 2011		
	Implement the plan		% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities met	<90%	90%	>90%	
Build valuable partnerships	Approve an action plan/strategy to set out interaction initiatives with other regulators.	Reduce inter regulatory gaps	Approved action plan/strategy	Approval of plan/strategy by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		Co-ordinating regular interaction with fellow regulators on regulatory issues and concerns by introducing strategies and action plans to facilitate interaction amongst regulators.
	Implement the action plan/strategy		% of actions achieved as set out in action plan	% of actions achieved as set out in action plan	<90%	90%	>90%	
Educate	Approve revised	Increased	Revised	Revision of	Approval	Approval		Consumers and

Strategic Objective	Management action	Desired Result	Measurement	Targets 2010/2011				Comment
				Target	Threshold target <3	Target 3	Stretched target >3	
consumers and service providers	Consumer and Service Provider Education Strategy	financial literacy levels of consumers and service providers	Consumer Education and Service Provider Strategy	Consumer Education and Service Provider Strategy must be completed and approved by 28 February 2010	after 31 March 2010	by 28 February 2010		service providers should be able to understand and evaluate their positions with respect to the various investment options available to them. Service providers must be able to work constructively address the needs of the consumers.
	Implementation of the Consumer Education and Service Provider Strategy			90% achievement of actions and activities met	<90%	90%	>90%	
Improve communication and feedback	Approve external communication strategy and plan	Informed stakeholders	Approval external communication strategy	Approval by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		The FSB was set up to achieve a specific purpose within the SA investment universe. In the circumstances it is important to keep stakeholders and interested parties informed.
	Implementation of the external communication strategy plan		% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities met	<90%	90%	>90%	

**STRATEGIC FOCUS AREA 3: Learning and Growth**

- To implement organisational development strategies that will positively impact the work environment.

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
Develop leadership and management talent	Compile a leadership development programme	Skilled staff	Approval of programme	Approval by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		The FSB will benefit from building a sufficient leadership capacity: <ul style="list-style-type: none"> <li>• Identification of future potential leaders</li> <li>• Structured management training</li> </ul>
	Implement the leadership development programme		% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities met	<90%	90%	>90%	
Promote Training and Skills Development	Compile an annual training plan and budget	Appropriate skilled and competent staff to execute the FSB mandate	Approved training plan and budget.	Approved training plan by 28 February 2010	Approval after 31 March 2010	Approval by 28 February 2010		It is important to provide relevant training which is linked to the Personal Development plans of the individual staff members
	Implement the training and skills development programme	Implemented training and skills development programme	% achievement of the actions and activities as set out in the plan	90% achievement of actions and activities	<90%	90%	>90%	
Live our core values	Annually revise and approve a comprehensive HR strategy	Motivated, satisfied staff	Approved HR strategy	Approved HR strategy by 30 September 2010	Approved HR strategy after 30 September 2010	Approved HR strategy by 30 September 2010		

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
	Implement the comprehensive HR strategy		Implemented HR Strategy	90% achievement of actions and activities	<90%	90%	>90%	
	Conduct a staff survey	Better understanding of morale and staff perception	Completed staff survey	Completed staff survey by 30 September 2010	Completed after 30 September 2010	Completed staff survey by 30 September 2010	Completed staff survey by 31 August 2010	To obtain an understanding of the morale within the organisation by conducting a staff survey and developing HR strategies to address major issues identified
Promote teamwork	Regular staff meetings convened between Employees/Management	Motivated and informed staff	Regular meetings	Quarterly meetings	< Quarterly 30 June 2010, 30 September 2010 31 December 2010 31 March 2011	Quarterly 30 June 2010 30 September 2010 31 December 2010 31 March 2011	>Quarterly 30 June 2010, 30 September 2010 31 December 2010 31 March 2011	Need to promote interaction and communication between staff of the various departments as well as staff and executive management.
	Compile an annual plan which includes the team building activities for the year e.g. heritage day celebrations, women's day celebrations	High staff morale and team spirit	Approval of plan	Approval by 31 March 2010	Approval after 31 March 2010	Approval by 31 March 2010		

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
	Implementation of the plan		% of targets achieved	90% of target achieved as indicated in plan.	<90%	90%	>90%	
	Regular monthly communications by HOD:HR		Monthly Communications	Monthly	< Monthly	Monthly	Not applicable	
To transform the FSB in line with employment equity legislative requirements by implementing employment equity plans and achieving targets within the plan.	Annually approve and update the employment equity (EE) plan	Transformed organisation	Approval and update of employment equity plan	Approval and update by 28 February 2010	Approval and update after 28 February 2010	Approval and update by 28 February 2010		To transform the FSB in line with employment equity legislative requirements by implementing employment equity plans and achieving targets within the plan.
	Submission of EE plan to the Department of Labour annually		Submission of plan	Submission by 1 October 2010	Submission after 1 October 2010	Submission by 1 October 2010		
	Implementation of the employment equity plan		% of employment equity targets achieved	90% of target achieved as indicated in employment equity plan	<90%	90%	>90%	

**STRATEGIC FOCUS AREA 4: FINANCIAL**

**To ensure long term financial sustainability by improving revenue collection, strategically invest in our organisation, improve financial reporting and manage cost effectively.**

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
To improve revenue collection	To approve a debtor policy	To ensure sufficient funds for the FSB to deliver on its mandate.	Approved debtor policy	Approved debtor policy by 28 February 2010	Approval after 28 February 2010	Approval by 28 February 2010		Need effective management of debtors to ensure debtors days are within target
	Implement the debtor policy		Implemented debtor policy	90% achievement of actions and activities met	<90%	90%	>90%	
	To ensure that information to raise levies are updated, relevant and accurate	To enable the FSB to collect revenue	Budgeted income corresponding with actual invoices raised	100% correspondence	<100%	100%		
Manage costs effectively	To monitor, report and explain deviations of actual expenditure to budgeted amounts	Effective management of expenditure	% deviation from budget vs. actual	5% - 10% deviation	> 10%	5% - 10% deviation	Less than 5% deviation	Need to effectively manage the expenditure budget.

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
	Report on unauthorised expenditure	Effective management of expenditure	Number and amount of unauthorised Expenditure	90% of expenditure authorised	<90%	90%	>90%	
	Review Management Accounts Promptly		Monthly submission of management accounts to EXCO	Monthly	< Monthly	Monthly	> Monthly	
			Quarterly submission of management accounts to the Audit and Risk Committee	Quarterly submission	< Quarterly 3/3/2010 17/06/2010 2/09/2010 3/11/2010	Quarterly 3/3/2010 17/06/2010 2/09/2010 3/11/2010	> Quarterly 3/3/2010 17/06/2010 2/09/2010 3/11/2010	
	Prepare and approve a zero based budget annually	Completion and submission of budget		Submission to the Board and National Treasury by 31 March 2010	After 31 March 2010	31 March 2010		

Strategic Objective	Management Action	Desired Result	Measurement	Targets				Comment
				2010/2011				
				Target	Threshold target <3	Target 3	Stretched target >3	
Improve financial reporting	Produce financial information in accordance with the requirements of the PFMA and the South African Statements of Generally Accepted Accounting Practice (SA Statements of GAAP) and with the Standards of Generally Recognised Accounting Practice (GRAP).	To be able to provide financial information that is timely and accurate	Review management accounts promptly	5% - 10% deviation	> 10%	5% - 10% deviation	Less than 5% deviation	
			Number of Management Reports produced	Monthly management accounts	< Monthly	Monthly	> Monthly	
	Receive unqualified audit reports.	Improved internal controls	Number of adverse material findings	Zero adverse material findings.	>Zero	Zero		

**Legend:**

<b>&lt; 3 Threshold target</b>	<b>3 Target Achieved</b>	<b>&gt;3 Stretched target</b>
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