



South African Reserve Bank

**Prudential Authority**



Financial Sector  
Conduct Authority

Attention: Leon Campher  
Chief Executive Officer  
Association for Savings and Investment South Africa

**GUIDANCE TO THE ASSOCIATION FOR SAVINGS AND INVESTMENT SOUTH AFRICA (ASISA)**

Dear Leon

The Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) have received a number of queries regarding the treatment of financial services as essential services.

On 23 March 2020, President Cyril Ramaphosa announced a 21-day period to counteract the spread of COVID-19. In his announcement he stated that:

All shops and businesses will be closed, except for pharmacies, laboratories, banks, essential financial and payment services, including the JSE, supermarkets, petrol stations and health care providers.

The attention of financial institutions is drawn to Annexure B of these regulations which states that:

B. Categories of essential services shall be confined to the following services:

(3) Financial services necessary to maintain the functioning of the banking and payments environment, including the JSE and similar exchanges, as well as insurance services.

Moreover, the regulations prescribe a process set out in regulation 11(B)(3) which states that persons performing essential services as determined by sub-regulation (2), must be duly designated in writing by the head of an institution, on a form that corresponds substantially with Form 1 in Annexure C.

The FSCA and PA support these decisive measures and commit to doing whatever possible to enable implementation in the interest of saving South African lives. We have received commitment from entities determined to be providing essential services that they will not continue "business as usual" as this would compromise the impact of the lock-down.



Prudential Authority



Each entity should identify critical activities, processes and people that are necessary to operate and continue the supply of essential services. To the extent possible, persons should be off-site and working remotely. Executives of these institutions have an obligation to minimize persons called on to break isolation. The following gives guidance on essential services that may require movement of staff as an exception to the lockdown:

- Most critical is to keep the National Payment System and core banking processes open, so that South Africans may continue to buy, sell, earn, and make and receive payments. This should include system operators and TPPP’s that support the financial sector as well as mobile wallet services. These TPPP’s process billions of Rands in premiums and payments every month and may not be able to do so remotely.
- Capital markets: In order for the exchanges to remain open as well as the banks, the following categories of critical partners are identified as essential services:

1	Authorised users of the exchanges (brokers, banks, IDBs including trading and clearing members)
2	Buy side (including asset managers, financial service providers, hedge funds and pension funds, collective investment schemes managers, Linked Investment Services Platforms)
3	CSDPs
4	Strate
5	Samos
6	Fund Administrators & Fund Services (support for buy side)
7	Front End Software Providers
8	Lending Desks
9	Equity & Debt Sponsors (support for listed companies)
10	Designated Advisors (support for listed companies)
11	Entities that publish announcements for listed companies (e.g. INCE and Bastion)
12	Data Vendors

- Life Insurers (including middle office, back office, claims management, premium, policy and payroll administration) so that consumers and businesses make claims and have claims processed, receive funds from matured policies and received income payments owing. Insurers must identify categories of essential and emergency claims, which should be prioritised and processed over the 21 day lockdown period. Life Insurance business which is not determined to be essential or emergency should not be considered an essential service over the lockdown period. Essential claims could include for example, Funeral claims, Disability claims and Income Continuation/ Protection claims.
- Outsource Administrators: administrators which perform the processing of essential and emergency claims and the flow of funds into and out of a range of financial institutions like insurers and asset managers.



## Prudential Authority

- Bank and non-bank lending business: essential services should be identified relating to restructuring loans, providing debt relief, bridging loans for continuity purposes and providing finance to other essential services as identified.
- Savings and investment industry, including life insurers, investment managers, Collective Investment Scheme (CIS) companies and Linked Investment Services Providers (Lisps): investments and savings need to remain appropriately invested over periods of extreme market volatility, and withdrawals of savings and investments facilitated where the saver/investor urgently and desperately needs access to funds (although withdrawal of savings and investments should not be encouraged and ideally be seen as a last resort). Monthly savings contributions into retirement funds and other savings products must not be interrupted.
- All of the above may require call centres to render essential customer services and we are advised that a separate gazette on call centres will be issued shortly.
- Advisors may not be regarded as essential services in terms of requiring exemption from lockdown, but their businesses should remain open to assist customers of financial services in this time of great uncertainty and should be done remotely. Exceptions for Advisors for essential services purposes and lockdown exemption is where they may perform full outsource functions and transact on behalf of insurers. This should also be done with a focus on critical claims, payment and premium support. Marketing, and the selling of new business, is not an essential service to maintain the system.

This guidance is issued in the interest of ensuring we do everything we can to minimise movement of persons whilst maintaining these essential services.

The list of essential activities, business processes and people identified should be communicated to the FSCA and PA. Boards must communicate with the FSCA and PA on a regular basis updating on matters of solvency and fair treatment of customers, and especially where challenges are being experienced or expected to be experienced, and steps being taken to mitigate these risks.

A handwritten signature in black ink, appearing to read "Caroline Da Silva".

**CAROLINE DA SILVA**  
Financial Sector Conduct Authority

**Date: 26 March 2020**

A handwritten signature in black ink, appearing to read "Kuben Naidoo".

**KUBEN NAIDOO**  
Deputy Governor and CEO: Prudential Authority

**Date: 26 March 2020**