



CENTRIQ

INSURANCE INNOVATION

UPDATE ON REGULATORY STATUS

BROAD BASED BLACK ECONOMIC EMPOWERMENT (BBBEE)

UPDATE	<p>The Minister of Trade and Industry on 2 March 2012 published phase 2 of the draft Financial Sector Charter (FSC) code in the Government Gazette for public comment. Phase 1 of the code was published in the Gazette for comment in December 2010.</p>
LEGAL STATUS / REGULATIONS	<p>The draft code is published in terms of the Broad Based Black Economic Empowerment (BBBEE) Act. The intention of the code is to align the FSC with the codes of good practice.</p> <p>The codes contain seven generic elements contained in the DTI Code score card in determining levels of BEE (i.e. Ownership, Management control, Employment equity, Skills development, Preferential procurement, Enterprise development and Socio-economic development). Two new elements are being introduced into the scorecard in addition to the seven elements that exist in the codes of good practice. The new elements are Empowerment Financing and Access to Financial Services.</p> <p>The contentious direct and/or indirect ownership targets contained in the FSC published in 2007 are not contained in the draft FSC. The draft FSC proposes the following overall ownership targets: 25% plus 1 vote of total voting rights exercisable by Black People; 10% plus 1 vote of total voting rights exercisable by Black Women; 25% plus 1 share of total shares owned by Black People; and 10% plus 1 share of total shares owned by Black Women.</p>
DATE ASSENTED BY THE PRESIDENT	<p>Not applicable - the code is still in draft format.</p>
EFFECTIVE DATES	<p>TBA.</p>