

GUIDANCE NOTE GN000(a)

on

CODESERIES FS000, STATEMENT 000 - GENERAL PRINCIPLES AND THE SCORECARD

TRANSITIONAL PERIOD

1. Introduction

This guidance note is issued in terms of paragraph 14.1 of Statement 000 of the FSC that states that the Financial Sector Charter Council shall, from time to time issue Interpretive Guides / Guidance Notes / Practice Directives and Standards documents.

This document outlines the scoring for financial sector companies during the transitional period. It provides guidance on:

- 1.1 The duration / expiry of the transitional period as defined.
- 1.2 Measurement requirements during the transitional period.

2. Commencement Date and Transitional Period

The commencement date of the Financial Sector Codes is the 1 January 2012, as per paragraph 13.1.

As per paragraph 11.1 there will be a transitional period from the commencement date of the Codes until the Access Standards have been agreed by the Financial Sector Charter Council. During the transitional period, all companies will be automatically granted exemption from Access. The scorecard total will be reduced by 14 points accordingly.

Companies can continue to use their existing accredited B-BBEE certificates until they expire. When the certificate expires a new certificate issued against the FSC will need to be obtained.

3. Clarity on the transitional period

The transitional period noted under paragraph 11.1 above will, for measured periods ending on or prior 30 June 2013, expire on 30/6/2013, as all guidance notes on Access to Financial Services and Empowerment Financing will have been issued by the Council prior to 30/6/2013.

Companies will be entitled to exclude both Access to Financial Services (code 800) and Empowerment Financing (code 602) from their scorecards, for measurement periods that end prior to the expiry of the transitional period.

Companies that exclude Access from their scoring will be required to adjust the target for Socio-economic Development (Code 700) to 1% of NPAT for the measurement period.

Companies excluding Empowerment Financing (Code 602) from their scoring will instead be measured against Enterprise Development as per Code 601.

Companies, who have formally applied for verification under the DTI Codes prior to 31/12/2012, can continue to be measured against the DTI Codes for that measurement period.

4. Qualifying Small Financial Institution (QSFI) Scorecards

The FSC Council has noted that the gazetted Code did not include the details of the QSFI scorecard. As the DTI Codes are being revised, which will mean that the FSC will need to be re-aligned to the revised DTI Codes, it has been agreed that the QSFI scorecard will not be issued at this stage.

All QSFI's will be measured against the DTI QSE Codes (Code 800 – Code 807) until such time as the FSC has been revised.

5. Reporting to the FSC Council

The above clarification is issued to companies and their respective verification agencies to guide the calculation of their formal B-BBEE scorecards during the transitional period.

The FSC Council may request unverified information from companies on progress towards the implementation of the FSC, as at 31/12/2012, for information purposes in order to establish an industry baseline.