



FIRSTRAND

4 Merchant Place
Cnr Fredman Drive and Rivonia Road Sandton 2196
PO Box 650149 Benmore 2010 South Africa
T +27 11 282 1808 F +27 11 282 8088
www.firstrand.co.za

The Joint Forum Basel Committee on Banking Supervision

baselcommittee@bis.org

DELIVERED BY EMAIL

17 October 2013

Dear Sir, Madam,

Joint Forum: Point of sale disclosure in the insurance, banking and securities sectors

We refer to the aforementioned discussion paper and submit the following comment thereto:

1. General

The review undertaken by the Joint Forum, Basel Committee on Banking Supervision sought to identify whether regulatory approaches to Point of Sale ("POS") disclosure should be aligned across different sectors.

The review considered POS in respect of varied complex financial products such as certificates / structured notes and insurance contracts where the customer does not hold the underlying investments or assets directly. Specifically excluded from the review were less complex products such as fixed-term deposits or risk insurance policies.

2. FirstRand Limited comment

2.1. General comment

We have noted the recommendations as tabled in the report and largely agree with the principles contained therein, insofar as they relate to the matters mentioned below:

- Customers should be provided with concise product disclosure, at the point of sale;
- Disclosure is recommended for the product sample as identified in the report, namely complex financial products;
- Product specificities will generally dictate what information should be disclosed;

FirstRand Limited Reg. No. 1966/010753/06

Directors LL Dippenaar (Chairman) SE Nxasana (CEO) VW Bartlett JHH Bester MS Bomela JP Burger P Cooper (alternate) L Crouse JJ Durand
GG Gelink PM Goss NN Gwagwa PK Harris WR Jardine EG Matenge-Sebeshe AT Nzimande D Premnarayan (India) KB Schoeman
BJ van der Ross JH van Greuning
Company Secretary BW Unser

Certain entities within the FirstRand Group are Authorised Financial Services and Credit Providers



- The regulatory obligation to provide POS disclosure should take into consideration the jurisdictions regulatory regime;
- The POS disclosure should provide certain prescribed key product characteristics such as costs, risks, financial benefits;
- The POS disclosure should be clear, fair, not misleading and written in plain language;
- The POS disclosure should include the same type of information to facilitate comparison of competing products across varied suppliers;
- The POS disclosure should be concise, set out key information about a product and may include, as appropriate, links or refer to other information;
- Allocation of responsibility for preparing, making available and/or delivering the POS disclosure should be clearly established;
- A jurisdiction considering POS disclosure should consider how to use its capabilities and powers to implement these POS recommendations, taking into account the jurisdiction's regulatory regime.

2.2. Practical challenges envisaged in respect of tabled recommendations

We submit that it should suffice for point of sale disclosure to be made verbally, followed by detailed written disclosure once the sale is concluded. It is noteworthy to mention that there would be significant cost implications should a written product summary document be prescribed in respect of every bank product as contemplated in the review sample.

In addition, as a product provider is not necessarily always a sales intermediary channel (sales may be outsourced to a third party), it is recommended that a distinction be made between the point of sale disclosure obligations of a product provider, as compared to the disclosure obligations of a sales channel.

Yours Faithfully

Yvette Singh
Public Policy and Regulatory Affairs Executive
FirstRand Limited