



CO-OPERATIVE BANKS DEVELOPMENT AGENCY

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SUPERVISORY AND REGULATORY RULES FOR CO-OPERATIVE FINANCIAL INSTITUTIONS (CFI) APPLYING FOR REGISTRATION TO THE CBDA

As required through Government notice 37903, No 620 of August 2014, point 3.(a)
Conditions.

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Table of Contents

- 1. Introduction..... 3
- 2. Purpose 4
- 3. Registration Process 4
- 4. Application to register a CFI with the CBDA 5
- 5. Criteria for Registration with CBDA 6
- 6. Reporting on Financial Performance and Prudential Requirements 7
- 7. Renewals..... 8
- 8. Falsified Information 8
- 9. Changes to Constitution 8
- 10. Alternative Capital Instruments..... 8
- 11. Operational Requirements..... 9
- 12. Fit and Proper Directors and management..... 9
- 13. Inspections of CFIs..... 9
- 14 Appeals 11
- 15 Fees schedule 12
- 16 FORMS 12
- 17 RETURNS 12
- APPENDIX 1A: MINIMUM PRUDENTIAL STANDARDS FOR CFIs' 25**
- APPENDIX 1B: OPERATIONAL STANDARDS FOR CFIs' 27**

1. Introduction

The Exemption Notice Program (ENP) policy framework provides guidance to the Co-operative Banks Development Agency (CBDA) as the designated Supervisor of Co-operative Financial Institutions (CFIs)¹.

Over the past five years, the regulatory framework with regards to the supervision and regulation of CFIs and Co-op Banks has undergone various changes. These include:

Government Notice R887 published in Government Notice No 31342 (recognising the **samaf**² as regulator of all FSCs) and Government Notice 1176 of 1 December 2006 published in Government Gazette No 21492 (recognising SACCOL³ as self-regulator of all SACCOs and Credit Unions) were repealed in May 2012 and replaced with Government Gazette 35368 no. 404, of 25 May 2012.

The Banks Act Exemption Notice was again revised and published in Government Notice 37903 No 620 on 15 August 2014. The main revision to this notice pertains to Section 3. (j) which makes provision for CFIs that have reached the R30 million deposits threshold to apply to the CBDA in writing for approval to hold contributions from members to an amount not exceeding R40 million.

The Financial Services Laws General Amendment Act was passed by Parliament on 12 November and was promulgated in *Gazette* No. 37237 of 16 January 2014. The amendments to the Co-operative Banks Act (2007) to move the supervisory function to the SARB became effective from the 1st of March 2014. Therefore, the one co-operative bank that was on the CBDA register has since moved to be regulated by the SARB.

Having taken note of the various amendments to legislation CBDA will now be responsible for the regulation and supervision of:

- Any Co-operative Financial Institution (CFI), that chooses to identify itself by use of the name Financial Co-operative, Financial Services Co-operative (FSC), Credit Union or Savings and Credit Co-operative (SACCO) which members have an identifiable common bond;
- Any CFI that does not at any time hold contributions for members amounting to the aggregate of more than R30 million;

¹ In this policy document, unless otherwise stated, the phrase Co-operative Financial Institution (CFI) will be used to refer to all deposit taking co-operatives not registered in terms of the Co-operative Banks Act of 2007.

² Samaf has since merged with Khula Enterprises to become the Small Enterprise Finance Agency (SEFA).

³ SACCOL is now in the process of winding down and will be liquidated.

- Any CFI with 200 members and members share capital of more than R100,000; and
- Any CFI with more than 200 members and deposits of more than R1 million that do not meet the requirements to register as a co-operative bank by SARB with deposits up to R30 million.

This framework provides for ‘warehousing’ of the exemption notice within the CBDA, taking cognizance of the need to provide for the possible transfer of the supervision function of CFIs not registered as co-op banks to a representative body, once such body is accredited by the CBDA in terms of the Co-operatives Banks Act 2007 and is operationally ready to assume the responsibility.

This regulatory framework will:

- a) minimise supervisory arbitrage;
- b) optimise the use of supervisory expertise and resources;
- c) minimising supervisory burden;
- d) alleviate confusion in the sector;
- e) achieve the development objectives of the Act; and
- f) align, insofar as possible, to the Co-operative Banks Act Rules and Regulations.

Government notice 37903, No 620 of August 2014, Point 3 (a) conditions states that “a co-operative financial institution shall at all-time subject itself to the supervision and regulations of the CBDA.” These rules serve as the framework for the CBDA’s regulations.

2. Purpose

These rules operationalize the policy framework for the management of the Exemption Notice Program within the CBDA

3. Registration Process

Step 1: A prospective CFI will apply to the CBDA (through the representative body⁴) to register once it has met all the registration and membership requirements of the representative body.

Step 2: The CBDA, upon satisfaction that the CFI has met all the requirements for registration, may conduct an onsite pre-registration review of the applying institution

⁴ CFIs can submit their completed applications directly to the CBDA, until the administrative processes for the representative body are set up

Step 3: Once the CBDA has approved the registration, a copy of the application will be forwarded to the Registrar of Co-operatives, with a recommendation for registration.

Step 4: Upon issuance of the registration certificate by the Registrar of Co-operatives, the certificate will be forwarded back to the CBDA, which will issue the deposit taking certificate.

Step 5: The certificates will be forwarded to the representative body for distribution to the applying CFI.

4. Application to register a CFI with the CBDA

- 4.1 All applications for registration, including the supporting documents, should be in English.
- 4.2 A CFI must meet all the requirements for registration in terms of the Cooperatives Act of 2005.
- 4.3 A CFI must meet all the requirements for membership of the representative body and provide a valid representative body membership certificate.
- 4.4 Existing CFIs will also need to provide acknowledgement statement from the Registrar of Co-operatives that the CFI complies to the Co-operatives Act and its regulations.
- 4.5 A CFI will be required to meet the Exemption Notice requirements and Conditions, CBDA rules, prudential and operational standards published by the CBDA and Registrar of Cooperatives.
- 4.6 The intermediary completes the application forms (as per attachment 2-CBDA001);
- 4.7 The completed application form is submitted to the representative body who will verify that it is completed in full, and all the necessary documentation is included.
- 4.8 The application, upon verification will then be forwarded to the CBDA, with a supporting motivation.
- 4.9 The CBDA, upon satisfaction that the CFI has met all the requirements for registration, may conduct an onsite pre-registration review of the applying institution.
- 4.10 If approved, the CBDA will forward a copy of the application to the Registrar of Co-operatives with a recommendation to register the CFI.

4.11 Once the Registrar of Co-operatives issues the registration certificate to the CBDA, the CBDA will issue a depositing taking license. The CBDA will send the deposit taking license, (with or without conditions), and the Registrar of Co-operatives' certificate to the representative body.

4.12 If rejected, notification as to the reasons for rejection will be provided to the CFI.

4.13 All registered CFIs will appear on the CBDA website.

5. Criteria for Registration with CBDA

Applications	
Form/Notes	CIPC (registrar of co-ops)
CR1	Application form including:
Note 1	Three certified copies of constitution
	Certified copies of all directors listed on Form CR1 must be included in the application including the person who is lodging the application
CR4	Appointment of auditors
CR5	Reservation of name
Form	CBDA rules
CBDA 001	Application form (include CIPC customer code number)
	Members resolution
	Certificate of membership to a representative body
	Proof of bank account
CBDA 002	Membership Share Register confirming 200 fully paid up active members
	At least R100,000 in shares on registration.
Note 2	NCR certificate
Note 3	Business plan including <ul style="list-style-type: none"> a. Background b. Human and operational capacity, c. Board experience, knowledge and qualifications, d. Three year financial forecasts e. Product sheet
Note 3	Policies <ul style="list-style-type: none"> Savings policy Lending policy
CBDA 003	Signed Directors commitment

Fee	Proof of payment into CBDA bank account (deposit slip) of the application, or repeat application fee as per the fee schedule
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Note 1: Refer to guidance notes issued by CBDA on requirement of the constitution available on <http://www.treasury.gov.za/coopbank/>

Furthermore either the model Financial Co-op (FC), FSC or SACCO constitutions must be presented for approval. The applying CFI must **present/highlight any deviations from the model they are presenting. Should a CFI fail to do so, and deviations are noted after registration, may result in withdrawal of certificate.** The model constitutions can be found at:

FSC: http://www.cipc.co.za/Coops_Constitutions.aspx

Financial Co-operative: <http://www.treasury.gov.za/coopbank/>

Note 2: If applicable

Note 3: Refer to guidance notes issued by CBDA available on <http://www.treasury.gov.za/coopbank/> :

- Guidelines on a business plan:
- Guidelines on savings policy:
- Guidelines on lending policy
- Three year financial forecast (newly applying CFIs must use guideline format in application)

5.1 An applying Co-operative Financial Institution must demonstrate to the satisfaction of the Supervisor that it has sufficient human, financial and operational capacity to function efficiently and competently.

6. Reporting on Financial Performance and Prudential Requirements

6.1. Registered CFIs are expected to report to the CBDA on their financial performance (CBDA Returns 051, 052, 053, 054) on a quarterly basis for the following periods:

- 28 Feb
- 31 May
- 31 August
- 31 November

6.2 The financial year end for all registered CFIs will be 28 February.

6.3 All returns submitted to the CBDA must be signed by the Chairperson and the Treasurer or Manager of that CFI. If a CFI submits a return through the online

portal, only the cover page of the return needs to be signed by the Chairperson and the Treasurer or Manager of that CFI. Electronic signatures are permissible.

6.4 The Supervisor may require a CFI to submit reports on a more frequent basis should circumstances so dictate

7. Renewals

7.1. All registered CFIs will have to apply for renewal of their licenses with the CBDA within six months of the end of their financial reporting period.

7.2 To renew licenses, CFIs must submit the following documents:

7.2.1 CBDA Form 012

7.2.2 Acknowledgement letter from the CIPC confirming receipt of annual financials

7.2.3 Letter of good standing from representative body

7.2.4 Latest annual financial statements

7.2.5 Signed minutes, as approved/noted by the board, of Annual General Meeting (AGM) held

7.2.6 Proof of payment of renewal fee as per the fee schedule

7.2.7 **CBDA Form 014**, which is the current Directors Schedule

8. Falsified Information

The CBDA may revoke the registration granted to a CFI if found that false or misleading information was furnished in the application or any return.

9. Changes to Constitution

9.1. Any special resolution to change the constitution of a CFI must be noted by the Supervisor, prior to CIPC approval.

10. Alternative Capital Instruments

10.1. CFIs are permitted to introduce innovative alternative capital instruments to enhance their balance sheets. Alternative capital is non-standard forms of capital, i.e. outside member share capital and retained earnings. Such capital, MUST at a minimum:

10.1.1. Be of a long term nature

10.1.2. Rank only just above member share capital in terms of ranking.

10.1.3. Preserve the co-operative philosophy of CFI's, and the safety / soundness of their system.

- 10.2. CFIs MUST obtain approval from the CBDA Supervisor prior to introducing such alternative capital. Failure to do so may result in supervisory sanctions, including the withdrawal of the registration.

11. Operational Requirements

- 11.1. CFIs must comply with the CBDA prudential and performance standards (Appendix 1A and 1B). On Application, CFIs not meeting current performance or operational standards could be provided a time frame in which these shortfalls must be addressed.

12. Fit and Proper Directors and management

- 12.1. ALL directors must complete Form 003: Directors Commitment on an annual basis. Failure to submit the Director Commitment Form may result in the Supervisor declaring such a director unfit and removing his/her directorship.
- 12.2. The CFI must submit, on an annual return confirmation that:
 - 12.2.1. Board members have attended training/courses
 - 12.2.2. Persons employed are competent to run the CFI
 - 12.2.3. Members education has taken place during the year
 - 12.2.4. The Supervisor has been advised of any board changes that have taken place in the CFI
 - 12.2.5. All changes with regards to related party relationships within the CFI at a board, management and staffing level have been reported.
- 12.3. It would be good governance practice that should any board member be implicated in any impropriety, he/she voluntarily suspends their involvement in the CFI until the issue is fully resolved. Action against staff members will follow the CFI's internal disciplinary processes.
- 12.4. The manager or person to be appointed to the position of manager has a minimum of a B.Comm or equivalent. Existing CFIs to be given five years to ensure they up skill
- 12.5. Board member mix must have experience and knowledge to run a CFI or qualifications, with at least five (5) board members having the equivalent of a 3 year National Diploma.

13. Inspections of CFIs

- 13.1. CFIs registered with the CBDA will be monitored through onsite inspections, as well as assessment of quarterly reports (CBDA Returns 051, 052, 053, 054)

- 13.2. CFIs will be required to comply with all the conditions as stipulated in the Government notice 37903, No 620 of August 2014 and other legislation
- 13.3. The CBDA supervisory unit will be provided with full access to any information as required to conduct their examinations. Failure to provide such access, can result in deregistration as a CFI
- 13.4. The onus lies on the CFI to request/report to the supervisor any noncompliance to these rules, prudential or operational requirements to condone exceptional requests. Two successive condonations on the same issue can result in infringement notices still being issued.
- 13.5. Registered CFIs may face fines and be issued with a non-compliance notice (CBDA Form 004), or be de-registered, having considered sufficient evidence, fails to:
- 13.5.1 Maintain the minimum prudential and operational standards
 - 13.5.2 Comply with the conditions of registration as per the Exemption notice; and
 - 13.5.3 Comply with any directive issued by the Supervisor and/or Registrar of Co-operatives
 - 13.5.4 The following infringement regime is applicable:

Infringement Type	Rating	Actions	Examples
1	Requires Attention	Three consecutive infringements within a 9 month period will result in de-registration	Late submissions of returns Time take to address policy requirements Two consecutive condonments
2 (Orange)	Serious	Three consecutive infringements within a six month period will result in deregistration	Outstanding policies Failure to disclose related party relationships Failure to request condonement Failure to report change in directors
3 (Red)	Urgent	Three consecutive infringements within a three month period will result in deregistration	Not holding an AGM Liquidity resolution Failure to apply for renewal of registration Failure to notify change of operational details

13.6 The following penalties are applicable:

Infringement	Penalty
Failure to comply with infringement notice deadlines	R25/day
Late Submission of Return	R50/day
Late Submission of Renewal Application	R50/day
Failure to hold AGM within stipulated period	R500
Failure to report changes in directors	R250
Failure to notify Supervisor of Change in Premises	R500
Failure to comply with conditions of registration after stipulated deadline	R500
Failure to report supervisory requirements timely	R500
Failure to disclose in its annual report to the Annual General Meeting any penalties incurred and infringement notices received during the year	R 500

13.7 Failure to pay the penalty may result in de-registration of the CFI.

13.8 **The CFI must disclose in its annual report to the Annual General Meeting any penalties incurred and infringement notices received during the year.**

14. Appeals

14.1 CFIs may appeal against the decisions of the Supervisor to the appeals board by completing **CBDA Form 006**

14.2 An appeals application fee will be charged for each appeal as per the fees schedule below:

15. Fees schedule

Per application fee	R 500
Repeat application fee	R 500
Annual renewal fee	R 300
Appeal fee	R 1,000

16. FORMS

- Form 001: CFI application for registration
- Form 002: CFI member share register
- Form 003: CFI board of director commitments
- Form 004: CFI non-compliance notice
- Form 006: CFI appeals notification form
- Form 012: CFI application for annual registration renewal
- Form 014: CFI board of director's schedule

17. RETURNS

- Return 051: Balance sheet
- Return 052: Year to date Income statement
- Return 053: Delinquency loan report
- Return 054: Report on board and staff related loans
- Return 055: Report on social indicators (voluntary submission)

Co-operative Financial Institution APPLICATION FOR REGISTRATION



INSTRUCTION FOR COMPLETION OF FORM

1. Write, typewrite or print in legible characters with deep permanent black ink, and lodge one set of the documents (of international size A4) with the representative body.
2. The application form and every page of every document attached must be signed by the chairperson of the proposed Co-operative Financial Institution (CFI).
3. An application, which does not comply with the requirements of the Co-operatives Act of 2005, its Regulations, Banks Act Exemption Notice, the CBDA regulations (the Rules) or the notes on this Form may be rejected.
4. Provide an explanation and motivation in respect of any of the required documentation listed below which is not submitted.
5. Please note that the Supervisor may require a proposed applicant to furnish him/her with additional information/documents, or a report by an auditor/ or any other knowledgeable person approved by the CBDA-Supervisor, on aspects relating to the application.

BACKGROUND: Co-operative Financial Institution

Name of Organisation: _____ Name Abbr.: _____

Registered Office physical address: _____ Postal Code

Postal Address: _____ Postal Code

Tel No. Cell No. eMail: _____

Common Bond Description: _____

Representative Body Membership No. CIPC Customer Code

Number of Members: Total Member Shares: R Total Member Savings: R

CONTACT INFORMATION: NB: Two duly appointed directors

Mr Mrs Ms: Full Names: _____ Position: _____
1 Tel No. Cell No. eMail: _____

Mr Mrs Ms: Full Names: _____ Position: _____
2 Tel No. Cell No. eMail: _____

SUPPORTING DOCUMENTATION CHECK LIST:

- | | |
|--|--|
| <ul style="list-style-type: none"> 1. Forms CRI, CRA/CRB and CR 5. <input type="checkbox"/> 2. Member Share Register (CBDA Form 002) with a minimum of 200 fully paid up members. <input type="checkbox"/> 3. Two (2) certified copies of the CFI's constitution that meets the requirements of constitution guidelines issued by the CBDA. <input type="checkbox"/> 4. Certified ID copies of all founder members. <input type="checkbox"/> 5. Latest certified bank statement. <input type="checkbox"/> 6. Member Resolutions to register with CBDA. <input type="checkbox"/> 7. Savings policy. <input type="checkbox"/> 8. Credit/loans Policy (if applicable). <input type="checkbox"/> 9. National Credit Regulatory certificate of registration (if applicable). <input type="checkbox"/> 10. Certificate of Membership to a registered Representative Body. <input type="checkbox"/> | <ul style="list-style-type: none"> 11. Business plan which INCLUDES: <input type="checkbox"/> 1. A short description of the background of the organization, experience in the sector and overall strategy to serve the target market. <input type="checkbox"/> 2. Its human and operational capacity to operate efficiently and competently. <input type="checkbox"/> 3. The board of directors and management experience, knowledge and qualifications. <input type="checkbox"/> 4. 3 year financial forecast showing viability plan of the entity. <input type="checkbox"/> 5. Product Sheet. <input type="checkbox"/> 12. Signed Directors' Commitment (CBDA Form 003). <input type="checkbox"/> 13. Proof of payment of CBDA application fee. <input type="checkbox"/> |
|--|--|

CBDA Banking Details: FNB, Public Sector Cheque Account | Acc No. 62240410530 | Branch No. 253-145

Name: _____ Date:
Position: _____ Signature: _____

Form 002

Co-operative Financial Institution

MEMBER SHARE REGISTER



	NAME AND SURNAME	SA ID or Other	ID NO.	DATE JOINED	VALUE OF SHARES
1					R
2					R
3					R
4					R
5					R
6					R
7					R
8					R
9					R
10					R
11					R
12					R
13					R
14					R
15					R
16					R
17					R
18					R
19					R
20					R
21					R
22					R
23					R
24					R
25					R
26					R
27					R
28					R
29					R
30					R
31					R
32					R
33					R
34					R
35					R
				TOTAL	R

Co-operative Financial Institution BOARD OF DIRECTORS' COMMITMENTS



We, as directors of _____

Co-operative Financial Institution (CFI), on acknowledge that:

1. Failure to comply with any of the CBDA Rules and conditions of the licence will result in non compliance notices which may lead to deregistration of the CFI.
2. We owe our members a duty of care and may be held liable should the CFI misuse member savings during our term of office.

We further commit ourselves to ensuring that:

3. Board of Directors, Audit/Supervisory Committee Members, Credit Committee members and full time staff will complete CBDA designated course/ courses within one year of being elected as directors.
4. As directors we further commit to ensuring that the person employed as the General Manager, Managing Director, Manager, administrator or person ultimately responsible for the day-to-day running of the CFI will be competent and employed in a fair and transparent manner. The incumbent will have a minimum NQF level 4 qualification or equivalent experience with knowledge in book-keeping/accounting.
5. We commit to ensuring that the Co-operative Finance Institution operates within the terms of the Co-operatives Act, Exemption Notice, CBDA Rules, the co-operative principles and the CBDA CFI performance standards.
6. We undertake to ensure that our members are made aware, at least once a year, on the activities of the CFI and the co-operative principles.
7. We undertake to inform the CBDA of any operational changes in the CFI within three (3) months of such a change.

SIGNED: At least five (5) duly appointed directors must sign on behalf of the board

1	CHAIRPERSON <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
2	VICE CHAIRPERSON <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
3	TREASURER <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
4	SECRETARY <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
5	DIRECTOR 1 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
6	DIRECTOR 2 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
7	DIRECTOR 3 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
8	DIRECTOR 5 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
9	DIRECTOR 6 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____
10	DIRECTOR 7 <input type="checkbox"/> Mr <input type="checkbox"/> Mrs <input type="checkbox"/> Ms Name: _____
	Surname: _____ Signature: _____

Co-operative Financial Institution NON COMPLIANCE NOTICE



REFERENCE NUMBER:

Name of Organisation: _____

Registered Office physical address: _____

Postal Code:

It has come to the attention of the CBDA: Supervisor of CFIs, that your Cooperative Financial Institution is non-compliant in terms of:

- 1. Banks Act Exemption Notice
- 2. CBDA Rules

The Co-operative Banks Development Agency would therefore like to bring to your attention the fact that you have failed to comply with the provisions of your registration as follows:

You are therefore required to take the following steps within the stated period:

PLEASE NOTE: You may object to this notice and request the Appeals Board, within 30 business days of receipt of this notice, after payment of the requisite fees, to review this notice. (Complete and submit form CBDA 006). Failure to comply with this notice may result in the withdrawal of CBDA registration.

Signed at (place) _____ on this (day) _____ of (month) _____ of (year) 20_____

Name and Surname
Supervisor of CFIs

Signature

Co-operative Financial Institution APPEALS NOTIFICATION



NOTICE OF APPEAL AGAINST DECISION OF THE SUPERVISOR AS PER THE CBDA RULES.

THE CBDA MANAGING DIRECTOR:

Name & Surname of Applicant: _____

Name of CFI _____ Registration No.

Postal Address: _____ Postal Code

Tel No. Cell No. eMail: _____

DETAILS OF OBJECTION:

With reference to Compliance Notification, Reference No.

Please state the basis for your appeal – with supporting documentation if applicable. (Please use additional pages if required.)

Please note that this form must be accompanied by proof of payment. | CBDA Banking Details: FNB, Public Sector Cheque Account, Acc No. 62240410530 | Branch No. 253-145

DECLARATION BY APPLICANT:

I, _____ on behalf of _____

_____ confirm that the information contained in this application is accurate and complete.

Date: _____ Signature: _____

FOR OFFICE USE ONLY:

Name of authorized CBDA representative to receive appeal: _____

Date: _____ Signature: _____

Co-operative Financial Institution APPLICATION FOR ANNUAL LICENSE RENEWAL



INSTRUCTION FOR COMPLETION OF FORM

1. Write, typewrite or print in legible characters with deep permanent black ink, and lodge one set of the documents (of international size A4) with the representative body.
2. The application form and every page of every document attached must be signed by the chairperson of the proposed Co-operative Financial Institution (CFI).
3. Any renewal, which does not comply with the requirements of the Co-operatives Act of 2005, its Regulations, Banks Act Exemption Notice, the CBDA regulations (the Rules) or the notes on this Form may be rejected.
4. Provide an explanation and motivation in respect of any of the required documentation listed below which is not submitted.
5. Please note that the Supervisor may require a proposed applicant to furnish him/her with additional information/documents, or a report by an auditor or any other knowledgeable person approved by the CBDA-Supervisor, on aspects relating to the renewal.

BACKGROUND: Co-operative Financial Institution

Name of Organisation: _____ Name Abbr.: _____

Registered Office physical address: _____

Postal Code: [][][][]

Postal Address: _____

Postal Code: [][][][]

Tel No. [][][][][][] Cell No. [][][][][][] eMail: _____

Common Bond Description: _____

Representative Body Membership No. [][][][][][][][][][][][][][][][][] Number of Members: [][][][][]

Total Member Shares: R [][][][][][][][][] Total Member Savings: R [][][][][][][][][]

CONTACT INFORMATION: NB: Two duly appointed directors

1 Mr Mrs Ms: Full Names: _____ Position: _____

Tel No. [][][][][][] Cell No. [][][][][][] eMail: _____

2 Mr Mrs Ms: Full Names: _____ Position: _____

Tel No. [][][][][][] Cell No. [][][][][][] eMail: _____

SUPPORTING DOCUMENTATION CHECK LIST:

	Please tick appropriate	
	YES	NO
1. Acknowledgement letter from CIPC confirming receipt of annual financial statements (AFS).	<input type="checkbox"/>	<input type="checkbox"/>
2. Letter of good standing from a registered representative body.	<input type="checkbox"/>	<input type="checkbox"/>
3. Signed minutes of Annual General Meeting (AGM) held.	<input type="checkbox"/>	<input type="checkbox"/>
4. Directors' Schedule form (CBDA Form 014).	<input type="checkbox"/>	<input type="checkbox"/>
5. Proof of payment of CBDA renewal fee.	<input type="checkbox"/>	<input type="checkbox"/>

CBDA Banking Details: FNB, Public Sector Cheque Account | Acc No. 62240410530 | Branch No. 253-145

Name: _____

Date: [][][][][][][][][][][]

Position: _____

Signature: _____

Co-operative Financial Institution **DIRECTORS' SCHEDULE** (for annual license renewals only)



SIGNED: Duly appointed directors must sign on behalf of the board

CHAIRPERSON | Mr Mrs Ms |

Name: _____ Surname: _____ ID No.

1 Cell No. _____ eMail _____

Physical address: _____

_____ Postal Code

Signature:

VICE CHAIRPERSON | Mr Mrs Ms |

Name: _____ Surname: _____ ID No.

2 Cell No. _____ eMail _____

Physical address: _____

_____ Postal Code

Signature:

TREASURER | Mr Mrs Ms |

Name: _____ Surname: _____ ID No.

3 Cell No. _____ eMail _____

Physical address: _____

_____ Postal Code

Signature:

SECRETARY | Mr Mrs Ms |

Name: _____ Surname: _____ ID No.

4 Cell No. _____ eMail _____

Physical address: _____

_____ Postal Code

Signature:

VICE SECRETARY | Mr Mrs Ms |

Name: _____ Surname: _____ ID No.

5 Cell No. _____ eMail _____

Physical address: _____

_____ Postal Code

Signature:

CO-OPERATIVE FINANCIAL INSTITUTIONS RETURNS



- 1) CBDA will monitor registered CFIs through offsite returns and onsite inspections.
- 2) Registered CFIs should report on their financial performance to CBDA quarterly (CBDA Returns 051, 052, 053, 054) for the following periods: 28 February; 31 May; 31 August and 30 November.
Failure to comply with this condition of registration may face fines and be issued with a non-compliance notice or be de-registered from the CBDA.
- 3) The financial year end for all registered CFIs will be 28 February of every year.
- 4) The Chairperson and Manager or Treasurer of the CFI must sign all returns and initial every page before submitting to the CBDA.

Name of Organisation: _____

Registered Office physical address: _____

Postal Code

Tel No. eMail: _____

REPORTING QUATER			
Please mark with X			
1	2	3	4

Co-operative Financial Institution
Quarterly Report Submission

DOCUMENTS CHECKLIST

I HAVE ATTACHED THE FOLLOWING DOCUMENTS (MARK WITH "X" WHERE APPLICABLE)		YES	NO
RETURNS 051	BALANCE SHEET		
RETURNS 052	YEAR TO DATE INCOME STATEMENT		
RETURNS 053	DELIQUENCY LOAN REPORT		
RETURNS 054	REPORT ON BOARD AND STAFF RELATED LOANS		

Name (print)

Name (print)

Chairperson Signature:

Manager or Treasurer Signature:

Date:

Date:

YEAR TO DATE INCOME STATEMENT

INCOME		Amount (R)
201	Interest Income from loans	
202	Delinquency penalty Interest Income from loans	
203	Commissions/fees from loans	
204	Insurance premiums for loans	
205	Net loan income (201+202+203+204)	
206	Income from liquid investments	
207	Income from financial investments	
208	Income from non-financial investments	
209	Fees, commissions income (loan-unrelated)	
210	Income from other sources	
211	Total financial income (205+206+207+208+209+210)	

FINANCIAL EXPENSES		Amount (R)
212	Interest expenses on savings deposits	
213	Insurance premiums on deposits	
214	Financial costs on external credit	
215	Dividend expenses on shares	
216	Insurance premiums for shares	
217	Taxes paid on dividends paid on shares	
218	Financial costs – shares	
219	Other financial costs	
220	Total financial costs (212+213+214+215+216+217+218+219)	

OPERATING COSTS		Amount (R)
221	Employees net salaries	
222	Employee SARS	
223	Staff travel & related expenses	
224	Education & training	
225	Other personnel costs	
226	Total personnel costs (221+222+223+224+225)	

227	Board & committee	
228	Annual General Meeting	
229	Board & committee training	
230	League/federation & other dues	
231	Other board committee costs	
232	Total governance costs (227+228+229+230+231)	

233	Publicity	
234	Other marketing related costs	
235	Total marketing costs (233+234)	
236	Rent	
237	Stationery	
238	Telephone	
239	Water & Electricity	
240	Other admin costs	
241	Audit fee	
242	Depreciation expense	
243	Total administration costs (236+237+238+239+240+241+242)	
244	Provision for risk assets	
245	Net financial income (211-220)	
246	Net operating expenses (226+232+235+243+244)	
247	Net income from operations (245-246)	

OTHER INCOME/EXPENSES		Amount (R)
248	Income from grants	
249	Previous period adjustments (net)	
250	Extraordinary income (net)	
251	Total other income/expenses (248+249+250)	
252	Income tax	
253	Net income surplus/loss (247+251-252)	

TOTAL NUMBER OF MEMBERSHIP		Number
254	Men	
255	Women	
256	Gender not reported	
257	Groups	
258	Total number of members	
259	CFI employees	

Initials _____

DELINQUENCY LOAN REPORT

PERIOD IN ARREARS	No. OF LOANS	LOAN BALANCES	SECURITY (IF ANY)	PROVISIONS	AS PERCENTAGE OF TOTAL LOAN
0 - 31 days		R	R	R	%
1 - 6 months delinquent		R	R	R	%
6 - 12 months delinquent		R	R	R	%
+ 12 months delinquent		R	R	R	%
Totals					

Delinquent loan means any loan in respect of which a payment due and payable has not been received in accordance with the terms of a contractual arrangement and includes:

- (i) In respect of loans that provide for monthly payments not received 31 calendar days after the due date.
- (ii) In respect of loans that provide for daily or weekly payments not received on the day after the due date.

Name (print)

Name (print)

Chairperson Signature:

Manager or Treasurer Signature:

Date:

Date:

REPORT ON BOARD AND STAFF RELATED¹ LOANS

NAME OF BORROWER	NAME AND RELATIONSHIP ²	POSITION IN CFI	DATE ISSUED	TERM OF LOAN (MONTHS)	AMOUNT DISBURSED	CURRENT BALANCE	ARREARS
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R
					R	R	R

¹Related means: Direct family, including Spouse, Parents and Children.

²If applicable, stated the direct family member: State the name of the director, management or staff member, the borrower is related to and the nature of the relationship.

³If applicable, state whether director, manager or staff member of the CFI.

Name (print)

Name (print)

Chairperson Signature:

Manager or Treasurer Signature:

Date:

Date:

CBDA RETURN 055: REPORT ON SOCIAL INDICATORS

1. Mission and Social Goals	Total Active Savers
	Nov-13
Total Members	
Female	
Rural	
Total Members Less Than 35 Years Old	
2. Governance	Total Active Savers
	Nov-13
Total Number of Board Members (excluding supervisory committee)	
Total Number of Female Board Members	
3. Range of Products and Services	Number of Members Using Product
	Nov-13
Business Loans	
Education Loans	
Home Improvements (Renovations)	
Other Loans (Please Specify)	
Special Savings	
Ordinary Savings	
4. Human Resources	Total Active Savers
	Nov-13
Total Number of Employees	-
Total Number of Loan Officers	-
Total Number of Female Employees	-
Total Number of Employees younger than 35	-
Staff employed for one year or more	-
Staff exits during the period (indicate reason for staff exit below)	-
	-
5. Member Outreach by Lending Methodology	Total Outstanding Loans (Rands)
	Nov-13
Individual Lending	
Group/Clubs/Stokvels	
6. Enterprises Financed and Employment Creation	Total Outstanding Loans (Rands)
	Nov-13
Number of Businesses Financed	
Number Of Start-Up Businesses Financed	
Number of People Employed in the Funded Businesses	
7. Member Retention Rate	Total Outstanding Loans (Rands)
	Nov-13
Total Number Of Active Savers (saved within the last 90 days)	
Total Number Of Active Borrowers (borrowed within the last 90 days)	



CO-OPERATIVE BANKS DEVELOPMENT AGENCY

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APPENDIX 1A: MINIMUM PRUDENTIAL STANDARDS FOR CFIs⁵

CFIs will be inspected and rated on their ability to meet the following minimum prudential requirements

No.	Standard	Descriptor	Minimum
1	Registration	CIPC (CIPRO)	✓
		Representative body	✓
		SARS	✓
		NCR	✓
		UIF	✓
		CBDA/SARB	✓
2	Outreach	No of active savers	Min 200
			Minimum monthly savings growth of average of R50 per member per month once registered
3	Compliance	Financial statements (returns)	✓
		Audited financial statements	✓
		Board meetings	✓
		Annual general meetings	✓
4	Portfolio quality	Delinquency	<5%
		Loan loss provision	
		1-6 months	35%
		6-12 months	50%
		12 months and above	100%
5	Sustainability	Savings to total assets	Max 80
		Loans to total assets	Max 80%
		External credit	Max 15%
		Solvency ⁵ (total assets/total liabilities)	100%

⁵ Solvency:: Formula: $\frac{[(a+b)-c]}{d}$

Where:

- a. Total Assets
- b. Provision for bad debts
- c. Liabilities (excluding deposits)
- d. Total deposit

		Non-earning and fixed assets to total assets	Max 5%
			CFI will be sustainable ⁶ within 3 years
6	Capital structure	Member share capital	Min R100,000
		Capital ⁷ adequacy ratio ⁸	Min 6%
7	Liquidity	Liquid assets ⁹ to total deposits ratio	Min of 10%
8	Exposures (as a percentage of assets)	Board member loans collectively	Max 25%
		Loan per member	Max 10%
		Individual share investment	Max 20%
		Individual savings deposit	Max 10%
		Investments ¹⁰	

⁶ **Sustainability:** Is defined as the ability to generate sufficient income to be able to cover operational expenses and set aside required reserves after paying a fair interest/dividend on deposits

⁷ **Capital:** Mandatory membership shares, indivisible reserves, retained earnings and any other non-distributable funds of a permanent nature as approved by the Supervisor,

⁸ **Capital Adequacy Ratio:** Capital less provisions over total assets

⁹ **Liquid assets** are defined as investments, as prescribed in Section 3.2 of the Co-op Bank Regulations No 32357, 1 July 2009, with tenure not exceeding 32 days and convertible into cash at any time, without incurring any penalty.

¹⁰ **Investments** are as prescribed in Section 3.2 of the Co-op Banks Regulations No 32357, 1 July 2009

APPENDIX 1B: OPERATIONAL STANDARDS FOR CFIs'

CFIs will be inspected and rated on their ability to meet the following minimum standards toward which all should strive.

No	Descriptor	Standard	Minimum
1	Governance		
	Constitution	Compliant to constitution which is reviewed from time to time	✓
	Board of Directors	Number of fit and proper board members	9-15
		Term of office (3 years per member)	2 terms
		Meetings	Monthly
		Minutes	✓
	Board committees	Governance committee	✓
		Credit Committee	✓
		Supervisory/Audit committee	✓
		Education and training committee	✓
	Strategic plan and business plan	Documented, implemented and reviewed	✓
		Mission, Vision, Organogram, Key strategic issues, Objectives, targets, timelines and responsible people	✓
	Financial reporting, Audit and AGM	Financial reports	✓
		Income statement	✓
		Balance sheet	✓
		Audited financial report	✓
		General meetings	✓

No	Descriptor	Standard	Minimum
2		Policy and procedures	Documented, adhered to and reviewed
		Savings	✓
		Loans, loan write off	✓
		Membership and recruitment	✓
		Liquidity Management	✓
		Investment	✓
		Human resources	✓
		Performance management	✓
		Succession planning	✓
		Training and development	✓
		Staff recruitment, contracts and job descriptions	✓
		Maintain management and staff CVs	✓
		Procurement	✓
		Health and Safety	✓
		IT	✓
		Security	✓
		Code of conduct for board and management	✓
		Risk management	✓
		Review of policies	✓

No	Descriptor	Standard	Minimum
3	Management		
	Signs of growth	Membership	Positive + inflation
		Assets growth	
	CFI Physical structure	Office	Established and reviewed
		Office furniture, computers	✓
		Banking hall	✓
		Security	✓
		Safe and strong room	✓
		Fire detector	✓
		Alarm system	✓
	Human resources management	Staff training programs	✓
		Job descriptions	✓
		Contract/conditions of service	✓
		Performance management system	✓
		Qualified management and staff	✓
		Organisational chart and salary structure	✓
	Record keeping	Financial reporting to board	✓
		Recruit bookkeeper/accounts clerk	✓
		Minutes	✓
		Member documents	✓
		Source documents	Monthly
		Financial Records	✓
		Information back up	
	Management information systems	Integrated baking and accounting system	✓
		System access control	✓
		Back up	✓
		Disaster recovery plan	✓
	Internal controls	Segregation of duties	✓
		Authorisations	✓
		Access controls	✓

No	Descriptor	Standard	Minimum
	Financial Management		
4	Accounting	Financial statements analysis	Monthly
		Bank reconciliation statement	Monthly
		Register of assets	Current
		Secure investments	✓
	Compliance	Financial reporting – CBDA	Annually
		Financial reporting – IPC	Annually
		All other requirements above (1-6)	✓
		All other legal requirements	✓
		Minimum prudential requirements	Quarterly

No	Descriptor	Standard	Minimum
		Marketing and Products	Developed and Implemented
5		Marketing budget	✓
		Marketing Task team/officer	✓
		Marketing plan	✓
		Signage	✓
		Branding	✓
		Member recruitment plan	✓
		Advertising – print and electronic media	✓
		Research member product needs	✓
		Product development and review	✓
		Product pricing and costing	✓
		Product prototype and test run before roll out	✓
		Member feedback mechanisms	✓
		Enhance branding, marketing plan	✓
		Intro advance banking e.g. ATM	✓

No	Descriptor	Standard	Minimum
6		Co-operative principles	
	Open and voluntary membership	Members join without discrimination	✓
	Democratic member control	Members to attend meetings	✓
		Members influence how the CFI is run	✓
	Autonomy and independence	Non-availability of outside influence in the management and operations	✓
	Education, training and information	Display principles at CFI office	✓
		Hand out principles to members and prospective members	✓
		Educate all members about co-ops	✓
		Regularly update members on progress of CFI	✓
		Financial literacy, budgeting, business development training for members	✓
	Member economic participation	Members to save continuously	✓
		Members to access loans for provident and productive purposes	✓
	Co-operation amongst co-operatives	Financial co-op forums	✓
		Participation in local and international forums	✓
		Financial co-op conferences	✓
	Concern for the community	Education, reserve fund before dividends	✓
		Scholarships, bursaries, orphanage etc.	✓
		Community development plans	✓