

Corporate Disclosure Regulation and Compliance

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Companies and Intellectual
Property Commission

a member of **the dti** group

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Background

- **CIPC Strategy:** To improve the competitiveness of the RSA economy by enhancing the reputation of RSA businesses and RSA business environment
Strategic Objective 1.2: Encourage the maintenance of high standards of *corporate governance, transparency* and brand awareness and protection
- Corporate Disclosure Regulation and Compliance – advocates for corporate transparency and high standards of corporate governance and thus also agree that “sunlight is the best disinfectant” ***Supreme Court Justice Louis Brandeis (1916–1939), who wrote in Other People’s Money***
- Alignment with the dti Policy Objectives with regards to the new Companies Act 2008 as amended.



Investigations of RI's and IR's

- IRBA in terms of S45 of the Auditing Profession Act reports to CIPC on irregularities observed by auditors
- Independent Reviewers have to report to CIPC twice, upon receipt of such a report that the irregularity is continuing, CIPC will investigate in terms of S169
- Lodge Independent Review reports with independentreview@cipc.co.za
- Majority of the RI's relates to private companies and their inability to comply with the requirement to develop financials, lodgement of financials timeously, etc.



Observations

	Jul	Aug	Sept
(PTY) LTD	26	10	16
INC	0	0	0
LTD	0	1	1
NPC	0	0	0
CC	0	0	0
OTHER	0	0	0
Total	26	11	17

Entity Types

Types of complaints received	Co. Act contravened	Jul	Aug	Sept
Failure to give access to company records	Sec 26			
Failure to prepare Annual Financial Statements	Sec 30	26		6
Failure to convene Annual General Meeting	Sec 61			
Loans or financial assistance to directors	Sec 45			7
Misstatement of Annual financial statements	Sec 29(6)			
Non Compliance with IFRS	Sec 29 (4)			
Trading recklessly - liabilities exceed assets	Sec 22			
Failure to keep Accounting records	Sec 28			
Trading Recklessly and Financial Assistance	Sec 22, Sec 45 & Sec 46			
	Other			4
Total		26	11	17

Non-Compliance Types



Monitoring of IR Institutions

- Regulation 29 (12) Requirement
- Template on what Compliance will entail was published on 07 August 2015
- 7 out of 10 Institutions Complied
 - SAIGA
 - IRBA
 - Business Management Institute



Review and Analysis of AFS

- Section 30 and relate regulations applicable
- Mandate is to review reliability of financial statements and compliance with (International Financial Reporting Standards) IFRS standards
- Investigate and enforce compliance where necessary and report on trends to inform FRSC as required by Section 204
- Claim for confidentiality as per S212 can be requested
- Lodge financials at financialstatements@cipc.co.za



Critical Observations

- Non compliance with IFRS and Companies Act
- Unsigned reports
- Standard used not stated (e.g.) IFRS for SMME's
- Annual returns turnover information differs from revenue on AFS
- Solvency and Liquidity not performed as required by Co Act
- Non Disclosure of directors remuneration

Registration of Prospectuses

- Chapter 4 of the Companies Act
- Prospectuses from both listed and unlisted public companies
- Published checklist on our administrative requirements, also see regulations for further details
- Fees payable for drafts, final prospectus, applications for exclusion of certain information from prospectus
- Intermediate monitoring of compliance with terms and conditions of prospectus
- File prospectuses at prospectus@cipc.co.za



Critical for Noting

- Liability for any untruths, all information to be correct and free from any misrepresentations, on both the narrative and financial disclosures
- Terms and conditions of prospectus to be complied with even post registration
- Reference to listing should be supported by relevant letter from a stock exchange
- Presentation of risks in a tabular form or in a narrative form should be with the investor in mind



Fees and process

Draft prospectus R 2000.00

Final Prospectus R 5000.00

Draft: Vetted the following Friday after the week received

Final: Received prior to Wednesday will be vetted on the Friday

Feedback received: On Friday of the meeting.

Initiatives under way



eXtensible Business Reporting Language



Partnerships on Annual Financial Statements Reviews

In Conclusion

- CIPC needs all stakeholders to *know what the Companies Act advocates*, as this will make us a better regulator
- Confidence in our doing business environment will increase if *legal entities are held to account* including *the professionals* from the legal, accounting and auditing fraternity.
- As we improve in our regulatory role, we are also working on *improving our efficiencies*

Any questions??

Thank you