

**NAVIGATE
COMPLIANCE**
COMPLIANCE RE-IMAGINED

COFI BILL READINESS HANDBOOK

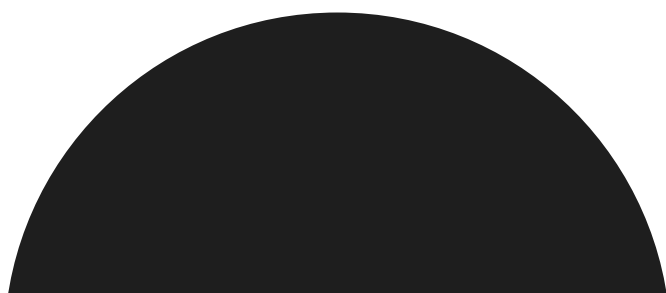
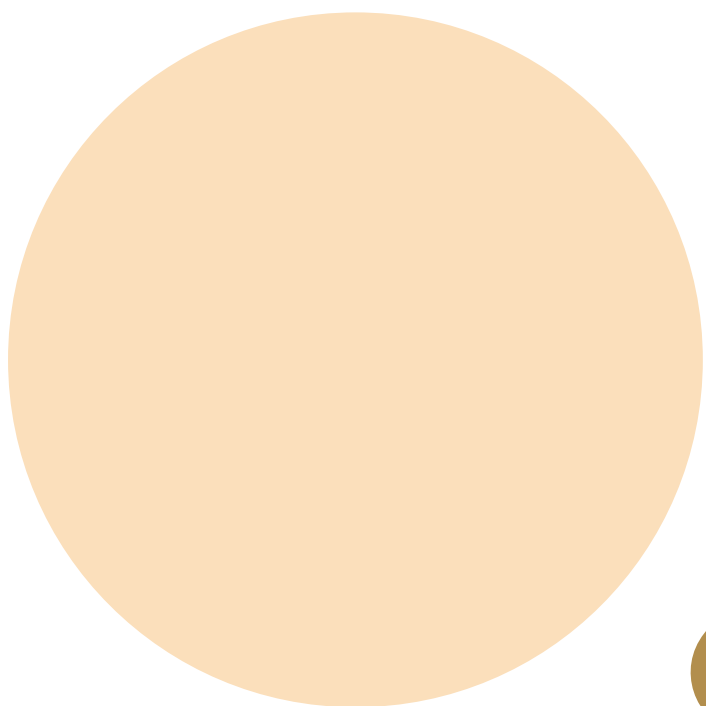
The Path to Future-Proof Compliance

www.navigatecompliance.io | January 2026

Executive Overview

This handbook summarises the COFI journey to date, outlines the core requirements, and provides a clear action plan for your organisation.

The Conduct of Financial Institutions (COFI) Bill is the largest regulatory reform to hit the South African financial sector since the introduction of the Twin Peaks model. It represents a fundamental shift from sector-specific compliance (like FAIS, Cisca, etc.) to a unified, principles-based framework focused entirely on market conduct and Treating Customers Fairly (TCF) outcomes.



The COFI Process:

Status and Expected Timelines

The COFI Bill is not yet law but its implementation preparation is the FSCA's key strategic priority for the coming years.

Expected Timeline (Indicative)

While the timeline for the Bill's finalisation is outside the FSCA's direct control (it requires National Treasury and Parliamentary approval), the general industry expectation is:

- **Enactment (Becoming Law):** Likely 2026 (This is speculative, but the focus on implementation indicates legislative action is expected soon).
- **Transitional Period:** The Bill is expected to include a transitional period (likely up to three years) to allow institutions time to comply with the new licensing and conduct requirements.
- **Full Implementation:** Post-2028, institutions will be expected to be fully compliant with the new COFI Act and its Conduct Standards.

- Phase: **Drafting & Consultation**
- Description
 - Multiple drafts were released by National Treasury, with the second major draft released in September 2020. The **FSCA** has been actively using its **Regulatory Strategy** (2025–2028) to develop the required subordinate legislation (Conduct Standards).
- Key Deliverables
 - Draft Bill (V2), Public Consultation Papers, FSCA Regulatory Plans.

- Phase: **Current Focus (2025-2028)**
- Description
 - The FSCA is focusing on **preparing for implementation** by developing a **themed framework** and harmonising its licensing and supervisory approaches. The goal is a seamless transition once the Bill is enacted.
- Key Deliverables
 - Development of new Conduct Standards and an incremental roadmap.

Key Requirements:

The Pillars of COFI Compliance

The COFI Bill is outcomes-based, meaning institutions must demonstrate that their actions consistently lead to fair customer outcomes, not just that they ticked a compliance box.

A. Activity-Based Licensing (The New FSP)

The current FSP model under FAIS will be replaced by a comprehensive **Activity-Based Licensing** framework.

- **Licensing per Activity:** Financial institutions must be licensed for **every activity** they perform (e.g., providing a financial product, distribution, financial advice, discretionary investment management, payment service, debt collection).
- **Fit and Proper Requirements:** These standards are harmonised and apply across all sectors, governing **Key Persons** (formerly Key Individuals) and **Representatives** to ensure competence, honesty, and financial standing.

B. Culture and Governance

This chapter imposes strict obligations on the **Governing Body** (Board/Directors).

- **Culture:** Institutions must actively foster a corporate culture that supports the fair treatment of customers, going beyond mere written policies.
- **Transformation:** COFI introduces a legal requirement for institutions to design, publish, and implement a **Transformation Policy** and report on achieving set targets, aligning with the Financial Sector Code.

C. Product and Service Lifecycle

COFI regulates the entire life of a product or service, from design to exit.

- **Product Governance:** Institutions must have robust processes to ensure products are **designed to meet the needs of identified target markets** and that customers receive clear, understandable information.
- **Suitability:** The requirements for advice and recommendation suitability are strengthened and consistently applied across all relevant sectors.

D. Post-Sale Barriers

COFI specifically addresses practices that hinder a customer's ability to manage or exit a product.

- **Limiting Unreasonable Barriers:** Institutions cannot impose unreasonable barriers that prevent customers from switching providers, terminating a product, or accessing their benefits.

Preparation Roadmap:

How Organisations Can Get Ready

Given the principles-based nature of COFI, preparedness requires strategic planning, not just a document review.

Phase	Preparation Action	Deliverable
Phase 1: Diagnosis	Map Current Activities: Create an inventory of all financial products and services and map them against the proposed COFI Activity List (Schedule 1) to determine future licensing needs.	Activity-Mapping Matrix
Phase 2: Gap Analysis	Conduct Standards Gap Analysis: Compare your current FAIS Codes of Conduct , Insurance Acts, etc., against the proposed COFI principles in areas like TCF, Remuneration, and Conflicts of Interest.	COFI Gap Analysis Report
Phase 3: Remediation	Review Governance and Culture: Review board charters, management structures, and internal reporting to ensure clear accountability for market conduct outcomes is embedded at the highest level.	Revised Corporate Governance Policies
Phase 4: Operational Implementation	Update Systems and Training: Develop new training materials for all Representatives and Key Persons on the harmonised Fit and Proper standards. Adjust IT systems to meet new activity-based reporting requirements.	COFI Training Programme & System Upgrade Plan

COFI Readiness Checklist

Purpose:

- To assess your organisation's readiness for the Conduct of Financial Institutions Act (COFI) implementation by reviewing governance, culture, product governance, reporting, and client outcomes.

Regulator:

- Financial Sector Conduct Authority (FSCA)

Scope:

- All licensed financial institutions, FSPs, insurers, asset managers, banks, and service providers subject to market conduct regulation.

1. Governance and Accountability

Requirement	Description	Status
1.1 Board accountability for conduct	The board has approved a conduct strategy and policy that aligns with COFI outcomes.	☐
1.2 Governance structure	Roles and responsibilities for conduct risk management are formally assigned (Board, EXCO, Compliance, Risk).	☐
1.3 Conduct oversight function	A designated Conduct Officer or Committee oversees customer fairness and compliance culture.	☐
1.4 Integration with risk governance	Conduct risk is embedded in the enterprise risk management framework.	☐
1.5 Fit and proper governance	Senior management meet honesty, competence, and financial soundness requirements.	☐

2. Culture and Ethics

Requirement	Description	Status
2.1 Conduct culture framework	The organisation promotes integrity, transparency, and accountability at all levels.	☐
2.2 Tone from the top	Leaders demonstrate ethical conduct and reinforce "doing the right thing" over sales outcomes.	☐
2.3 Whistle-blowing mechanisms	Confidential channels for reporting misconduct exist and are accessible.	☐
2.4 Incentive and remuneration alignment	Variable pay does not encourage mis-selling or unfair treatment.	☐
2.5 Staff training and awareness	All staff receive conduct and ethics training annually.	☐

COFI Readiness Checklist

3. Product Design and Distribution

Requirement	Description	Status
3.1 Product governance framework	Policies define product design, approval, review, and discontinuation processes.	☐
3.2 Target market identification	Each product has a clearly defined and documented target market.	☐
3.3 Fair value assessment	Products are priced fairly, offering value to customers over time.	☐
3.4 Distribution controls	Sales channels are authorised, trained, and monitored for compliance.	☐
3.5 Product disclosure	Marketing material and contracts are clear, balanced, and in plain language.	☐

3. Product Design and Distribution

Requirement	Description	Status
4.1 Customer journey mapping	The organisation has mapped key customer touchpoints and identified conduct risks.	☐
4.2 TCF outcomes embedded	All six Treating Customers Fairly (TCF) outcomes are operationalised and monitored.	☐
4.3 Complaints management	A written, accessible complaints-handling process exists with defined turnaround times.	☐
4.4 Customer feedback integration	Feedback and complaints inform product and process improvements.	☐
4.5 Vulnerable customer policy	Procedures exist to identify and support vulnerable or high-risk customers.	☐

COFI Readiness Checklist

5. Systems, Controls, and Data

Requirement	Description	Status
5.1 Conduct data and MI reporting	Management Information (MI) dashboards include conduct KPIs (complaints, cancellations, claims turnaround, etc.).	☐
5.2 Integration with OMNI Return	Conduct data is mapped and ready for FSCA Omni Return reporting.	☐
5.3 Technology and cyber resilience	Systems support secure, reliable, and fair customer interactions (align with FSCA/PA Joint Standard 2024).	☐
5.4 Recordkeeping	Customer communications, advice, and disclosure records are securely stored and retrievable.	☐
5.5 Data protection and POPIA compliance	Customer information is processed lawfully and securely.	☐

6. Intermediaries, Agents, and Third Parties

Requirement	Description	Status
6.1 Third-party governance policy	Framework in place to oversee and manage agents, brokers, and outsourced partners.	☐
6.2 Due diligence	Onboarding and monitoring processes for intermediaries include conduct risk checks.	☐
6.3 SLA alignment	Service level agreements include COFI-aligned conduct and customer fairness clauses.	☐
6.4 Oversight and assurance	Periodic monitoring and review of intermediary compliance performance.	☐
6.5 Termination controls	Clear triggers and processes for ending relationships with non-compliant partners.	☐

7. Reporting, Monitoring, and Assurance

Requirement	Description	Status
7.1 Conduct MI dashboards	Reports presented to the Board and FSCA as part of ongoing supervision.	☐
7.2 Independent assurance	Internal Audit or external assurance reviews conduct governance annually.	☐

COFI Readiness Checklist

7. Reporting, Monitoring, and Assurance

Requirement	Description	Status
7.3 Self-assessment	Regular conduct self-assessments completed and documented.	☐
7.4 Regulatory reporting readiness	All required data fields and supporting evidence packs available for FSCA submissions.	☐
7.5 Continuous improvement	Findings and root causes from conduct incidents feed into remediation plans.	☐

8. Training, Competence, and Fit & Proper

Requirement	Description	Status
8.1 Fit and proper register	Maintained for all representatives, key individuals, and responsible persons.	☐
8.2 Competence framework	Defines minimum qualifications, ongoing CPD, and technical skills.	☐
8.3 Conduct and ethics training	Conduct training is included in onboarding and annual refreshers.	☐
8.4 Product and advice competence	Advisors are certified and authorised for the products they sell.	☐
8.5 Culture measurement	Employee surveys or scorecards used to assess conduct culture maturity.	☐

9. Transition and Implementation Planning

9.1 Gap analysis conducted	Organisation completed a COFI gap assessment against draft framework.	☐
9.2 Implementation roadmap	COFI transition plan with timelines and responsible owners documented.	☐
9.3 Policy alignment	Existing policies (FAIS, TCF, Treat Customers Fairly) mapped to COFI equivalents.	☐
9.4 Regulatory engagement	Management aware of FSCA guidance notes, workshops, and communication updates.	☐
9.5 Change management	Internal awareness campaigns conducted to prepare staff for COFI adoption.	☐

COFI Readiness Checklist

10. Summary and Readiness Score

Category	Maximum Score Achieved
Category	10
Governance & Culture	10
Product & Distribution	10
Customer Outcomes	10
Systems & Data	10
Intermediaries & Third Parties	10
Reporting & Assurance	10
Training & Fit & Proper	10
Transition Planning	80

Total Readiness (%) **80%** _____ %

Scoring Guidance:

✔ 8–10 = Mature readiness

⚙ 5–7 = Partial compliance, improvement needed

⚠ 0–4 = Significant gaps, urgent remediation required

Key Takeaways



- COFI consolidates market conduct regulation under one unified framework.
- Institutions must demonstrate proactive governance, customer fairness, and transparent data reporting.
- The FSCA OMNI Return will become the central monitoring tool for COFI conduct metrics.
- Embedding conduct into strategy, culture, and product design is the foundation of readiness.

About Navigate:

Founded in 2016, Navigate Compliance is a multidisciplinary governance, risk and compliance practice specialising in regulatory transformation, project management, and digital compliance innovation. We are experienced compliance professionals who manage and deliver high-impact compliance projects across regulated environments. Our services span end-to-end project delivery, specialised compliance resourcing, and hands-on execution—ensuring regulatory initiatives move from strategy to implementation with structure, control, and measurable outcomes.

Disclaimer

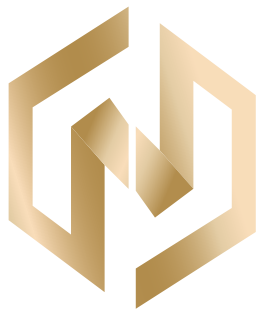
This handbook is provided for general information and educational purposes only. It is not intended to constitute legal, regulatory, financial, or professional advice, nor should it be relied upon as a substitute for detailed consultation or expert guidance. While every effort has been made to ensure the accuracy and relevance of the information contained herein, regulatory frameworks, industry standards, and best practices may evolve over time. Navigate does not accept any responsibility or liability for any loss, damages, or consequences arising from the use of this handbook or from decisions made based on its content. Users are encouraged to seek independent professional or legal advice before acting on any information provided in this document.

This publication does not create a client relationship between the reader and Navigate.

Navigate is a licensed compliance practice regulated by the Financial Sector Conduct Authority (FSCA), offering advisory, project management, regulatory resourcing, and governance solutions across the financial and regulated sectors. Navigate is also an accredited QCTO training provider, delivering professional qualifications, occupational programmes, and skills development pathways aligned to compliance, risk, IT governance, cybersecurity, digital ethics, and emerging technologies. In addition, Navigate provides specialist project management and resourcing services, including compliance leads, analysts, project managers, system integrators, and solution architects.

Copyright © Navigate Group (Pty) Ltd. All Rights Reserved.

All intellectual property – including all content, frameworks, templates, images, designs, and materials contained within this handbook – remains the exclusive property of Navigate and may not be reproduced, distributed, stored in a retrieval system, or adapted in any form without prior written permission from Navigate Group (Pty) Ltd. All images used in this handbook were sourced from royalty-free and Creative Commons platforms.



**NAVIGATE
COMPLIANCE**
COMPLIANCE RE-IMAGINED

Prepare for COFI with Navigate

– Your Conduct Transformation Partner

The shift to COFI is not simply regulatory— it is operational, cultural, strategic, and technological. Navigate can support you with readiness assessments, licensing preparation, conduct frameworks, governance uplift, and end-to-end COFI programme management.

Organisations that prepare early will gain:

- Stronger governance
- Better customer outcomes
- Fewer remediation costs
- Reduced regulatory risk
- A competitive market advantage

Partner with Navigate — and build a future-ready conduct culture.



+27 73 956 9407



Johannesburg,
South Africa



info@navcompliance.co.za
www.navigatecompliance.io