



MORCSA

Mortgage Origination Regulatory Council of South Africa

CONDUCT COMMITTEE

TERMS OF REFERENCE

| DOCUMENT MANAGEMENT | |
|---------------------|------------------------|
| Policy Manager | Board |
| Implementer | Board / CEO |
| Approval Authority | Board / Membership |
| Implementation Date | 1 February 2025 |
| Next Review Date | 1 July 2025 |
| Amendment History | First Version 20250201 |

1. INTRODUCTION

The Mortgage Origination Regulatory Council of South Africa (“MORCSA”) was established with the following main objectives:

- 1.1 to ensure the long-term sustainability and credibility of the Industry;
- 1.2 to serve, support and represent the Industry within the wider financial services industry;
- 1.3 to create and maintain a register of Members and Key Individuals that are in good standing and have proved that they comply with the membership eligibility criteria set out in the Accreditation Rules;
- 1.4 to maintain appropriate standards, qualifications and codes of conduct which Members and/or Key Individuals must comply with in order to render Mortgage Origination Services in the Industry, thereby creating legitimacy as an Industry;
- 1.5 to support appropriate regulation and standards within the Industry to the benefit of Members and Consumers;
- 1.6 to engage with any regulatory authorities and make submissions and representations on behalf of the Industry;
- 1.7 to promote the Industry’s development, growth, public standing, and the general society's confidence therein and knowledge of the Industry, by such means as may be deemed appropriate from time to time;
- 1.8 engage with credit providers and related industry regulators and practitioners on matters affecting the Industry; and
- 1.9 to protect and promote Consumer rights and the improvement of control and quality with regards to the Mortgage Origination Services rendered by the Industry to Consumers.

In amplification hereof, the Memorandum of Incorporation (“the MOI”) makes provision for the establishment of a “Conduct Committee” which will be constituted in terms of the Governance Framework, comprising of persons that are not Members or Key Individuals, directors, officers or employees of Members.

2. PURPOSE OF TERMS OF REFERENCE

The purpose of the Terms of Reference is to set out the purpose, composition and functioning of the Conduct Committee (“the Conduct Committee”).

3. PURPOSE OF THE CONDUCT COMMITTEE

The purpose of the Conduct Committee is to:

- 3.1 provide input, support and guidance to the Board on all matters relating to the conduct of Members, having due regard to the objects stated above; and
- 3.2 propose any updates or amendments to the Code of Good Practice from time to time, subject to the approval by the Board and by Special Resolution of the Voting Members; and
- 3.3 propose any updates or amendments to the Accreditation Rules from time to time, subject to the approval by the Board and by Special Resolution of the Voting Members; and
- 3.4 enforce the provisions of the Code of Good Practice in accordance with the Code and these Terms of Reference;

- 3.5 establish, as required from time to time, Disciplinary Panels to consider, hear and adjudicate on any matters referred to it, pursuant to the Disciplinary Rules set out in the Code of Good Practice;
- 3.5 propose, update or amend as required from time to time, the written complaints framework to be approved by the Board, which shall set out the complaints that can be referred for resolution, the procedure to lodge a complaint, the dispute resolution mechanisms to be employed to resolve complaints and the constitution of the complaint resolution committee.

4. COMPOSITION

- 4.1 The Conduct Committee, from which Disciplinary Panels shall be selected, shall comprise *inter alia* of the following:
 - the Chairperson;
 - such Industry Regulator representative(s), as may be nominated from time to time, should the Industry Regulator elect to do so;
 - such other independent person(s) as nominated by the Board on the basis of their expertise and experience.
- 4.2 The Conduct Committee shall comprise of no less than 4 (four) persons, but no more than 8 (eight) persons, in addition to the CEO.
- 4.3 The Chairperson of the Conduct Committee will be the CEO of MORCSA as appointed from time to time.
- 4.4 Persons nominated to serve of the Conduct Committee shall, save for the Chairperson, hold office for one (1), two (2) or three (3) year terms as directed by the Board, and are eligible for reappointment.

5. MEETING PROCEDURES

5.1 Frequency

- 5.1.1 The Committee shall meet twice annually;
- 5.1.2 In addition to the scheduled meetings, special meetings may be convened at the request of the Chairperson, the Board or any member of the Conduct Committee with the approval of the Chairperson.

5.2 Attendance

- 5.2.1 Meeting format will largely be virtual, but in person meetings may be scheduled from time to time, as required.
- 5.2.2 Committee members must endeavour to attend all of its scheduled meetings, including meetings called on an *ad hoc*-basis for special matters, unless prior apology, with reasons, has been submitted to the Chairperson.
- 5.2.3 Members of the Committee may not delegate attendance to a subordinate.

- 5.2.4 If the Chairperson will be absent from an upcoming meeting, the Chairperson will nominate an alternative Chairperson to preside over the meeting.

5.3 Administrative support

- 5.3.1 Administrative support will be provided to the Committee by the CEO and where necessary, the Board.
- 5.3.2 The Chairperson must, designate a person to assist the Committee with the administrative and secretarial work arising from or connected with the performance of the functions of the Committee.
- 5.3.3 Minutes of all meetings of the Committee must be kept by the duly appointed Secretary of the Committee.
- 5.3.4 Minutes of the meetings of the Committee must record in sufficient detail the matters considered by the Committee and decisions reached, including any concerns and views raised by members.

6 PRINCIPLES OF CONDUCT

- 6.1 **Integrity and duty of care:** The Conduct Committee members are required to act with integrity and in the best interests of the committee's ability to fulfil its purpose. Each member owes a duty of care to the Conduct Committee to –
- act *bona fide*, with a view to ensure effective and appropriate performance of the Committee's functions and the impartial and fair conduct of Disciplinary Hearings and Appeals; and
 - avoid any conflicts between the Committee's interests and their own personal interests.
- 6.2 **Representation:** Committee members are deemed to represent their individual expert views, and not the views of any association which they might represent.
- 6.3 **Confidentiality:** Conduct Committee members may not, directly or indirectly, disclose information or documents regarding the Conduct Committee's deliberations and disciplinary proceedings to any person, unless the Chairperson has granted specific prior consent to such disclosure, or –
- if such disclosure is done in a reasonably controlled manner and to the extent necessary to obtain inputs that will contribute to the effective exercise of the Conduct Committee's functions;
 - if the recipients of the information are advised of the confidential nature of any such information (if applicable) and have agreed to respect such confidentiality.

No information or documents may be disclosed or shared beyond the Committee's membership if the Committee has taken a decision to restrict such information or documents.

7 CONDUCT OF DISCIPLINARY PROCEDURES

The formation of Disciplinary and Appeals Panels, and the processes for the conduct of hearings and determination of outcomes is regulated in terms of the Code of Good Practice, which is deemed to be incorporated insofar as is necessary as part of these Terms of Reference.

8 REPORTING

- 8.1 The Conduct Committee is established under the auspices of the Board, as provided for in paragraph 1.2.12 of the MOI.
- 8.2 The Conduct Committee will therefore report on the progress and the outcome of the work done by the Conduct Committee to the Board at each of the Board meetings and shall be duly represented by the Chairman.

9 DATE ESTABLISHED AND TERMINATION

- 9.1 The Conduct Committee shall be deemed to have been established on the date of passing of a Resolution by the Board.
- 9.2 The Conduct Committee will terminate at the behest of the Board.

SIGNATURE:



Chairperson

1 FEBRUARY 2025

Date