

Criteria for registration as a payment distribution agent

- (1) A natural person may not be registered as a payment distribution agent ("PDA").
- (2) A person who applies for registration as a PDA in terms of Section 44A of the National Credit Act, 2005 as amended ("the Act") must meet the following requirements in terms of Regulation 10A.

(a) Education

- (i) maintain and impose appropriate qualification requirements for its employees or contractors who will have authority to represent it in any function of its business of collection and payment distribution;
- (ii) completion of a payment distribution training programme approved by the National Credit Regulator ("NCR") and provided by an accredited training institution;
- (iii) the training programme must be completed within six (6) months after the PDA has been registered by the NCR.

(b) Experience

The PDA must have an executive director:-

- (i) responsible for the day to day operations, with five (5) years experience in dealing with the business of collecting, distributing payments, accounting or financial services;
- (ii) who is a person with good record of managing the finances of the company.

(c) Competence

A person applying to be registered as a PDA must:-

- (i) have sufficient human, financial, and operational resources to carry out the functions of PDA efficiently and effectively;
 - (ii) put in place adequate resources, systems and procedures to carry out the function of payment distribution efficiently and effectively;
 - (iii) comply with the Broad-Base Black Economic Empowerment Act, 2003 (Act 53 of 2003) as amended;
 - (iv) be registered with the South African Revenue Services and have a valid tax clearance certificate;
 - (v) be a company incorporated in terms of the Companies Act, 2008 (Act 71 of 2008) or Close Corporations Act, 1984 (Act 69 of 1984) or Cooperatives Act, 2005 (Act 14 of 2005);
 - (vi) have a board of directors/members consisting of not less than three (3) non-executive directors, one of whom must be independent, with qualifications and experience of not less than two (2) years in the accounting, auditing, or legal profession;
 - (vii) have adequate mechanisms in place to keep all payment records for at least five (5) years after the payment event.
- (3) The applicant must have a minimum capital amount of R5 million for investment in the establishment and operation of a PDA and proof of this amount must be

provided in the form of a bank guaranteed cheque to the NCR at the time of the application.

- (4) The applicant must have sufficient fidelity insurance cover in place, which is equivalent to the aggregate amount collected for distribution to compensate consumers and credit providers for any loss or damages occasioned by the conduct of the PDA.
- (5) The applicant who conducts a debt counselling business must demonstrate that the business of debt counselling and payment distribution will be operationally independent of each other and managed independently by different persons and that the payment distribution is not made by the applicant in respect of consumers under debt review in their debt counselling business.

Documents and information required for the application for Registration as a PDA in terms of Section 44A of the Act

1. Completed and signed application form (form 46).
2. Companies and Intellectual Property Commission (CIPC) registration document.
3. Copy of the company's share certificate (if applicable).
4. Certified copies of ID/Passports of all the members/directors.
5. Resolution (see attached specimen).
6. A police Clearance Certificate for all the members/directors of the company issued by the South African Police Services (SAPS) or other service providers listed in the annexure attached hereto marked annexure A.
7. A bank guaranteed letter for R5 million in favour of the NCR.
8. Confirmation of indemnity cover.
9. Proof of payment of the registration fees:
 - (i) Non-refundable application fee of R550.00;
 - (ii) Initial registration fee of R100 000.00;
 - (iii) Branch fee of R250.00 per location or premises.
10. A letter from the bank confirming the applicant's banking details or a copy of a cancelled blank cheque.
11. Auditors/accounting officer's letter of appointment.
12. Proof of registration with the Payment Association of South Africa (PASA).
13. Copy of the tax clearance certificate issued by the South African Revenue Services (SARS).
14. A detailed due diligent report compiled by an independent auditor appointed by the applicant at the applicant's own costs (Scope of work attached).