

NOTICE

REF NO: **FIN/2017/03/24**

TO: **INSURANCE SECTOR**

FROM: **KENNETH S. MATOMOLA**

DATE: **28 MARCH 2017**

SUBJECT: **INDUSTRY CONSULTATION – AMENDMENT OF NAMFISA's LEVY STRUCTURE**

INTRODUCTION

NAMFISA was established by an Act of Parliament empowering the Authority to exercise supervision over the business of financial institutions and financial services; and to advise the Minister of Finance on matters related to the financial sector.

In accordance with section 25 of the NAMFISA Act, 2001 (Act No. 3 of 2001), the Minister must, on the recommendation of the Board, impose by notice in the *Gazette* levies on financial institutions.

BACKGROUND

In 2016, the Authority compiled its Reserve, Funding and Levy policies. These policies guided the principles and processes that the Authority will apply to determine the new levies going forward.

The reserves policy clarifies the Authority's objective in terms of the desired level of reserves that it will be required to hold as well as the circumstances under which it will be allowed to access same.

Additionally, the funding policy is based on principles which are fair towards all stakeholders and provides transparency to the way in which the Authority is funded. Furthermore, the aim of our levy policy is to set the approach of the Authority to be



followed in imposing levies to ensure that the process is transparent, efficient and effective.

PURPOSE

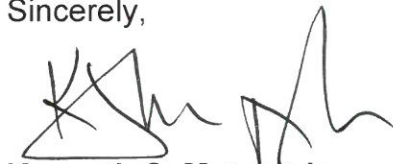
The purpose of this notice is to invite the Insurance sector to comment on the attached documents, being annexure A, the Principles and Processes for our levy setting and annexure B, the proposed levy gazette.

In order to ensure that all stakeholders' remarks on the annexed documents are sufficiently addressed, I would like to request that all annotations are sent in advance and should be addressed to Ms. Grace Mohamed, General Manager: Insurance via email address gmohamed@namfisa.com.na on or before **21 April 2017**.

Your industry consultation is scheduled as follows:

Industry	Date	Time	Venue
Insurance Sector	18-May-17	09h00 - 12h00	TBC

Sincerely,



Kenneth S. Matomola

CHIEF EXECUTIVE OFFICER

1. PRINCIPLES APPLIED

The policies which have guided the Authority in drafting the proposed new levy gazette structure are based on the following principles:

Reserves

The Reserves policy clarifies the Authority's objective in terms of the desired level of reserves that it will be required to hold as well as the circumstances under which it will be allowed to access these.

Funding

The Authority's Funding policy is based on principles which are fair towards all stakeholders and provides transparency to the way in which the Authority is funded. It is built on the following principles:

<u>Principle</u>	<u>Elaboration</u>
Buffer	Levy income supports NAMFISA's objective of holding enough resources as required by its Reserves policy.
Cost recovery	Levies are sufficient to raise only enough funds to cover the envisaged cost of regulation over a 5 year rolling strategic period.
Equity	Users in similar industry categories pay similar levies
No cross-subsidization	Costs of regulation development and implementation is allocated in such a way that it reflects the cause of regulation and/or the incidence of benefits from regulation
Reliability	Levy income is as stable and certain as possible

Levies

The Levy policy satisfies the following main principles:

<u>Principle</u>	<u>Elaboration</u>
Facilitate compliance	The levy model facilitates compliance in that it is easy to understand and carry minimal compliance costs
Payment Terms	Payment of levies occur within a reasonable time after the regulated entity have / should have received payment from its customers

2. LEVY SETTING PROCESS

2.1 Funding required per regulated industry

Funding required per regulated industry will be determined as follows:

	<u>Description</u>	<u>Note</u>
	Business as usual expenditure budget	a)
Plus:	Projects expenditure budget	a)
Plus:	Capital expenditure budget	a)
Plus:	Required reserves at end of budget period	b)
Less:	Reserves at beginning of budget period	b)
Less:	Fee income	c)
Less:	Interest income	c)
Less:	Penalty income	c)
Less:	Other income	c)
Less/Plus	(Net surplus)/net deficit	d)
Less/Plus:	Cash flow (received) / paid in respect of financing activities	e)
	<u>Funding required through levies per industry</u>	

Note:

a) Business as usual, projects and capital expenditure budgets

The Authority's budget supports the execution of its mandate as contained in its five year rolling strategic plan. The budget is subject to review and approval by the NAMFISA Board and the Ministry of Finance.

b) Required reserves

The amount of required reserves are calculated and presented to the Board in conjunction with the budget.

The amount of required reserves to be held by the Authority in the reserve account is calculated as follows:

	Project reserves
Plus:	Income shortfalls
Plus:	Unforeseen expenditure
	<u>Required reserves</u>

Project reserves relate to a provision that may be made for expected significant once-off costs and expenditures relating to future expected projects which fall beyond the current budget period.

c) Fee, interest, penalty and other income

Expected income from sources other than levies are applied to reduce the amount of funding to be recovered through levies.

d) (Net surplus)/net deficit

Net surpluses/deficits recorded by the Authority is utilized to reduce (in the case of a net surplus position) or increase (in the case of a net deficit position) the amount of funding required through levies.

The amount of net surpluses/deficits referred to is determined as the amount after the deduction of required reserves.

e) Cash flow (received) / paid in respect of financing activities

Cash flow received or paid in terms of financing activities are applied to either reduce or increase the amount of funding to be recovered through levies.

2.2 Levy per regulated industry

Levies required for each regulated industry as determined by paragraph 2.1 above is imposed as a percentage of each industry's levy basis. The percentage levy imposed on each industry is therefore determined as follows:

$$\frac{\text{Cost of regulation and supervision per regulated industry}}{\text{Levy basis}} \times 100$$

In the case of long-term insurers or re-insurers the levy basis is that of the long-term insurer or re-insurer's gross premium income.

In the case of short-term insurers or re-insurers the levy basis is that of the short-term insurer or re-insurer's gross premium income.

In the case of underwriters at Lloyd's the levy basis is that of the gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's.

2.3 Recovery of levies

Levy payments will be due to the Authority as follows:

- a) First provisional levy payments are due for payment on or before the 25th day of the month following the end of the first six months after the commencement of the long-term insurer or re-insurer's / short-term insurer or re-insurer's / Lloyd's representative's financial year, and
- b) Second provisional levy payments are due for payment on or before the 25th day of the month following the end of the long-term insurer or re-insurer's / short-term insurer or re-insurer's / Lloyd's representative's financial year, and
- c) Final levy payments are due for payment within 12 months after the end of the long-term insurer or re-insurer's / short-term insurer or re-insurer's / Lloyd's representative's financial year.

NAMIBIA FINANCIAL INSTITUTIONS SUPERVISORY AUTHORITY

No. XX

2017

**IMPOSITION OF LEVIES ON NAMIBIA FINANCIAL INSTITUTIONS: NAMIBIA FINANCIAL INSTITUTIONS
SUPERVISORY AUTHORITY ACT, 2001**

In terms of section 25(1) of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001), and on the recommendation of the Board of the Namibia Financial Institutions Supervisory Authority ("the Authority"), I hereby impose levies on financial institutions in Namibia in accordance with the provisions as set out in the Schedule.

Government Notice No. 78 of 1 April 2003 as amended by Government Notice No. 64 of 1 April 2004 is revoked with effect from 1 June 2017. Amounts of levies due to the Authority in terms of Government Notice No. 78 of 1 April 2003 as amended by Government Notice No. 64 of 1 April 2004 up to 31 May 2017 will remain payable until settled in full.

C SCHLETTWEIN

MINISTER OF FINANCE

Windhoek, dd mmmm 2017

Definitions

1. In this Schedule, unless the context otherwise indicates, "the Act" means the Namibia Financial Institutions Supervisory Authority Act, 2001 and any word or expression to which a meaning has been assigned in the Act or in any of the laws referred to in the definition of "financial institution" in section 1 of the Act, has the meaning so assigned to it and –

"financial institution" means a financial institution as defined in the Act and includes, as contemplated in paragraph (n) of the definition of "financial institution" in the Act, a central securities depository, an investment manager, a linked investment service provider, a retirement annuity fund and an unlisted investment manager.

Imposition of levies

2. Every financial institution listed in the subparagraphs below must pay the levies as indicated in respect of the particular financial institution.

Levy on long-term insurers and re-insurers

- 2.1 Every registered long-term insurer or re-insurer under the Long-term Insurance Act, 1998 (Act No. 5 of 1998) must pay an annual levy equal to 0.300% of the long-term insurer or re-insurer's gross premium income.
- 2.2 In addition to subparagraph 2.1, where a long-term insurance broker or re-insurance broker registered in terms of section 55 of the Long-term Insurance Act, 1998 (Act No. 5 of 1998) brokers gross premium income on behalf of a registered long-term insurer or re-insurer, that long-term insurer or re-insurer shall pay an annual levy equal to 0.300% of the gross premium income which the long-term insurance broker or re-insurance broker has brokered on its behalf.
- 2.3 Levies in terms of subparagraphs 2.1 and 2.2 are payable by long-term insurers or re-insurers in the following manner:
 - (a) A first provisional levy payment calculated as 0.300% of the long-term insurer or re-insurer's gross premium income as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.300% of the long-term insurer or re-insurer's gross premium income as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.300% of the long-term insurer or re-insurer's gross premium income as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.4 Within 12 months after the end of the long-term insurer or re-insurer's financial year it shall cause its auditor to confirm to the Authority the amount of gross premium income brokered by long-term brokers or re-insurance brokers on its behalf which are included in the gross premium income as reflected in its audited annual financial statements.

Levy on short-term insurers and re-insurers

- 2.5 Every registered short-term insurer or re-insurer under the Short-term Insurance Act, 1998 (Act No. 4 of 1998) must pay an annual levy equal to 0.569% of the short-term insurer or re-insurer's gross premium income.
- 2.6 In addition to subparagraph 2.5, where a short-term insurance broker or re-insurance broker registered in terms of section 53 of the Short-term Insurance Act, 1998 (Act No. 4 of 1998) brokers gross premium income on behalf of a registered short-term insurer or re-insurer, that short-term insurer or re-insurer shall pay an annual levy equal to 0.569% of the gross premium income which the short-term insurance broker or re-insurance broker has brokered on its behalf.
- 2.7 Levies in terms of subparagraphs 2.5 and 2.6 are payable by short-term insurers or re-insurers in the following manner:
- (a) A first provisional levy payment calculated as 0.569% of the short-term insurer or re-insurer's gross premium income as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.569% of the short-term insurer or re-insurer's gross premium income as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.569% of the short-term insurer or re-insurer's gross premium income as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.8 Within 12 months after the end of the short-term insurer or re-insurer's financial year it shall cause its auditor to confirm to the Authority the amount of gross premium income brokered by short-term brokers or re-insurance brokers on its behalf which are included in the gross premium income as reflected in its audited annual financial statements.

Levy on underwriters at Lloyd's

- 2.9 Every registered Lloyd's representative under section 36 of the Short-term Insurance Act, 1998 (Act No. 4 of 1998) must pay an annual levy equal to 0.569% of the gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's in the following manner:

- (a) A first provisional levy payment calculated as 0.569% of the Lloyd's representative's gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as 0.569% of the Lloyd's representative's gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as 0.569% of the Lloyd's representative's gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's as reflected in its accounting records less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

2.10 Within 12 months after the end of its financial year the Lloyd's representative shall cause its auditor to confirm the value of gross premium income which was brokered in the Republic of Namibia on behalf of underwriters at Lloyd's to the Authority.

Levy on friendly societies

2.11 Every registered friendly society under the Friendly Societies Act, 1956 (Act No. 25 of 1956) must pay an annual levy equal to 0.399% of the friendly society's total income derived from the business of the society, excluding investment income, in the following manner:

- (a) A first provisional levy payment calculated as 0.399% of the friendly society's total income derived from the business of the society excluding, investment income, as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as 0.399% of the friendly society's total income derived from the business of the society, excluding investment income, as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as 0.399% of the friendly society's total income derived from the business of the society, excluding investment income, as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

Levy on medical aid funds

- 2.12 Every registered medical aid fund under the Medical Aid Funds Act, 1995 (Act No. 23 of 1995) must pay an annual levy equal to 0.535% of the medical aid fund's gross contributions received in the following manner:
- (a) A first provisional levy payment calculated as 0.535% of the medical aid fund's gross contributions received as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.535% of the medical aid fund's gross contributions received as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.535% of the medical aid fund's total contributions received as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

Levy on pension funds

- 2.13 Every registered pension fund under the Pension Funds Act, 1956 (No. 24 of 1956), excluding retirement annuity funds as defined in section 1 of the Income Tax Act (Act No. 24 of 1981), must pay an annual levy equal to 0.027% of the pension fund's total assets in the following manner:
- (a) A first provisional levy payment calculated as 0.027% of the pension fund's total assets as reflected in its accounting records at the end of the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.027% of the pension fund's total assets as at the end of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.027% of the pension fund's total assets as at the end of its financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.14 Within 12 months after the end of its financial year the pension fund shall cause its auditor to confirm the value of the total assets, as at the end of its financial year, to the Authority should such value not be disclosed in its audited annual financial statements.

Levy on retirement annuity funds

- 2.15 Every retirement annuity fund as defined in section 1 of the Income Tax Act, 1981 (Act No. 24 of 1981) must pay an annual levy equal to 0.027% of the retirement annuity fund's total assets in the following manner:
- (a) A first provisional levy payment calculated as 0.027% of the retirement annuity fund's total assets as reflected in its accounting records at the end of the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.027% of the retirement annuity fund's total assets as at the end of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.027% of the retirement annuity fund's total assets as at the end of its financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.16 Within 12 months after the end of its financial year the retirement annuity fund shall cause its auditor to confirm the value of the total assets, as at the end of its financial year, to the Authority should such value not be disclosed in its audited annual financial statements.

Levy on the management company of unit trust schemes

- 2.17 Every registered management company of a registered unit trust scheme under the Unit Trusts Control Act, 1981 (Act No. 54 of 1981) must pay an annual levy equal to 0.053% of the total value of the assets managed by the management company in respect of every unit trust scheme in the following manner:
- (a) A first provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets managed by the management company in respect of every unit trust scheme at the end of every month during the first six months of its financial year payable as per subparagraph 3.2 (b); and
 - (b) A second provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets managed by the management company in respect of every unit trust scheme at the end of every month during the last six months of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets managed by the management company in respect of every unit trust scheme at the end of every month of the financial year less the

collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

- 2.18 Within 12 months after the end of its financial year the management company shall cause its auditor to confirm the total value of the assets managed by the management company in respect of every unit trust scheme, as at the end of every month of that financial year, to the Authority should such values not be disclosed separately in its audited annual financial statements.

Levy on unlisted investment managers

- 2.19 Every registered unlisted investment manager under sub-regulation (38) of regulation 29 under the Pension Funds Act, 1956 (Act No. 24 of 1956) must pay an annual levy equal to 0.053% of the total value of the assets controlled by the unlisted investment manager in the following manner:

- (a) A first provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets controlled by the unlisted investment manager at the end of every month during the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets controlled by the unlisted investment manager at the end of every month during the last six months of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as the collective value of 0.053% of the total value of the assets controlled by the unlisted investment manager at the end of every month of the financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

- 2.20 Within 12 months after the end of its financial year the unlisted investment manager shall cause its auditor to confirm the total value of the assets controlled by the unlisted investment manager, as at the end of every month of that financial year, to the Authority should such values not be disclosed separately in its audited annual financial statements.

Levy on moneylenders and microlenders

- 2.21 Every moneylender as defined in section 1 of the Usury Act, 1968 (Act No. 73 of 1968) or microlender as defined in any law must pay a levy equal to 1.357% of the total amount of loans disbursed by the moneylender or microlender during its financial year in the following manner:

- (a) A first provisional levy payment calculated as 1.357% of the total amount of loans disbursed by the moneylender or microlender as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 1.357% of the total amount of loans disbursed by the moneylender or microlender as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 1.357% of the total amount of loans disbursed by the moneylender or microlender as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.22 Within 12 months after the end of its financial year the moneylender or microlender shall cause its auditors to confirm the total amount of loans disbursed to the Authority should such values not be disclosed separately in its audited annual financial statements.
- 2.23 Where such moneylender or microlender is not required to have its financial records audited the person charged with managing the business shall certify that the total amount of loans disbursed as per subparagraph 2.21 (c) agrees with its accounting records which accounting records are a full and true reflection of the loans disbursed.

Levy on central securities depositories

- 2.24 Every public company incorporated in terms of the Companies Act to establish and operate a system for the central handling of securities and which is approved as a central securities depository under section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985) must pay a levy equal to 0.026% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded during its financial year in the following manner:
- (a) A first provisional levy payment calculated as 0.026% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.026% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and

- (c) A final levy payment or refund claim calculated as to 0.026% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

- 2.25 Within 12 months after the end of its financial year the central securities depository shall cause its auditors to confirm the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded to the Authority should such value not be disclosed separately in its audited annual financial statements.

Levy on stock exchanges

- 2.26 Every licensed stock exchange under the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985) must pay a levy equal to 0.0002894% of the market value of all securities, excluding bills or bonds issued by the Government of the Republic of Namibia, listed on it in the following manner:

- (a) A first provisional levy payment calculated as the collective value of 0.0002894% x 1/12 of the market value of all securities, excluding bills or bonds issued by the Government of the Republic of Namibia, listed on it at the end of every month during the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as the collective value of 0.0002894% x 1/12 of the market value of all securities, excluding bills or bonds issued by the Government of the Republic of Namibia, listed on it at the end of every month during the last six months of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as the collective value of 0.0002894% x 1/12 of the market value of all securities, excluding bills or bonds issued by the Government of the Republic of Namibia, listed on it at the end of every month of the financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

- 2.27 Within 12 months after the end of its financial year the licensed stock exchange shall cause its auditor to confirm the market value of all securities, excluding bills or bonds issued by the Government of the Republic of Namibia, listed on it, as at the end of every month of that financial year, to the Authority should such values not be disclosed separately in its audited annual financial statements.

Levy on stock-brokers

- 2.28 Every stock-broker as defined in section 1 of the Stock Exchange Control Act, 1985 (Act No. 1 of 1985) who is a member of a stock exchange must pay a levy equal to 0.050% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded by that stock broker during its financial year in the following manner:
- (a) A first provisional levy payment calculated as 0.050% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded by that stock broker as reflected in its accounting records for the first six months of its financial year payable as per subparagraph 3.2 (a);
 - (b) A second provisional levy payment calculated as 0.050% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded by that stock broker as reflected in its accounting records for its entire financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
 - (c) A final levy payment or refund claim calculated as 0.050% of the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded by that stock broker as reflected in its audited annual financial statements less the collective value of provisional levies already paid for that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).
- 2.29 Within 12 months after the end of its financial year the stock broker shall cause its auditor to confirm total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded to the Authority should such value not be disclosed separately in its audited annual financial statements.
- 2.30 Where such stock broker is not required to have its financial records audited the person charged with managing the business shall certify that the total value of securities, excluding bills or bonds issued by the Government of the Republic of Namibia, traded as per subparagraph 2.28 (c) agrees with its accounting records which accounting records are a full and true reflection of the loans disbursed.

Levy on investment managers

- 2.31 Every investment manager that is in the business of administering or managing investments and which is approved as an investment manager under section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985) must pay an annual levy equal to 0.015% of the total value of the assets controlled by the investment manager in the following manner:

- (a) A first provisional levy payment calculated as the collective value of $0.015\% \times 1/12$ of the total value of the assets controlled by the investment manager at the end of every month during the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as the collective value of $0.015\% \times 1/12$ of the total value of the assets controlled by the investment manager at the end of every month during the last six months of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as the collective value of $0.015\% \times 1/12$ of the total value of the assets controlled by the investment manager at the end of every month of the financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

2.32 Within 12 months after the end of its financial year the investment manager shall cause its auditor to confirm the total value of assets controlled by the investment manager, as at the end of every month of that financial year, to the Authority should such values not be disclosed separately in its audited annual financial statements.

Levy on linked investment service providers

2.33 Every linked investment service provider whose business consist wholly or partly of implementing and/or capturing investment instructions received from investment managers on behalf of clients in units in a collective investment scheme on the basis that such units are purchased and held in bulk or repurchased in bulk and approved as a linked investment service provider under section 4(1)(f) of the Stock Exchanges Control Act, 1985 (Act No. 1 of 1985) must pay an annual levy equal to 0.053% of the total value of the assets administered or held in safe custody by the linked investment service provider in the following manner:

- (a) A first provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets administered or held in safe custody by the linked investment service provider at the end of every month during the first six months of its financial year payable as per subparagraph 3.2 (a);
- (b) A second provisional levy payment calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets administered or held in safe custody by the linked investment service provider at the end of every month during the last six months of its financial year, after deduction of the first provisional levy payment, payable as per subparagraph 3.2 (b); and
- (c) A final levy payment or refund claim calculated as the collective value of $0.053\% \times 1/12$ of the total value of the assets administered or held in safe custody by the linked

investment service provider at the end of every month of the financial year less the collective value of provisional levies already paid during that financial year which shall be payable in the case of a final levy payment due as per subparagraph 3.2 (c).

- 2.34 Within 12 months after the end of its financial year the linked investment service provider shall cause its auditor to confirm the total value of the assets administered or held in safe custody by the linked investment service provider, as at the end of every month of that financial year, to the Authority should such values not be disclosed separately in its audited annual financial statements.

Payment of levies

- 3.1 Financial institutions must calculate the amount of levies which are due to the Authority and pay such amount into the bank account of the Authority.
- 3.2 Levy payments are due to the Authority as follows:
- (a) First provisional levy payments are due for payment on or before the 25th day of the month following the end of the first six months after the commencement of the financial institution's financial year, and
 - (b) Second provisional levy payments are due for payment on or before the 25th day of the month following the end of the financial institution's financial year, and
 - (c) Final levy payments are due for payment within 12 months after the end of the financial institution's financial year.
- 3.3 Where the days referred to under subparagraph 3.2 fall on a Sunday or Public Holiday the levy shall be due for payment on or before the next business day.
- 3.4 If the collective value of the first and second provisional levy payments made are less than 90% of the final determined levy due as per the final levy return, interest shall be charged on the amount by which the first and second provisional levy payments collectively are less than 90% of the finally determined levy due as per the final levy return.
- 3.5 Interest shall be charged on the amount determined by subparagraph 3.4 from the date when the second provisional levy payment was due up to the date when the final levy payment has been received by the Authority at a rate as per subparagraph 4.1.
- 3.6 First, second and final levy payments should be accompanied by returns completed and submitted in the form and manner as determined by NAMFISA from time to time.
- 3.7 Levy payments must be made directly into the bank account of the Authority at:

Account No. 6206 2664 141
First National Bank
Windhoek Corporate Branch
Branch Code: 281 872

3.8 Levy payments must be referenced as follows:

- (a) for the first provisional levy payment: License number – financial year – 1
- (b) for the second provisional levy payment: License number – financial year – 2
- (c) for the final levy payment: License number – financial year – F

3.9 Levies referred to in this notice are Value Added Tax exempt.

Imposition of interest

- 4.1 Interest on overdue amounts is payable to the Authority at twenty (20) percent per annum calculated from the due date until the date of payment of any overdue amount.
- 4.2 Interest may not in total exceed the value of the overdue amount.

Application for exemption

- 5.1 An application by any financial institution for an exemption from any provision of this notice must be submitted in writing to the Chief Executive Officer of the Namibia Financial Institutions Supervisory Authority.
- 5.2 Applications for exemption may be submitted to NAMFISA using any one of the following means:
 - (a) Delivery by hand to the 1st Floor, Sanlam Centre, 154 Independence Avenue, Windhoek, Namibia, and/or
 - (b) Post using registered mail to P.O. Box 21250, Windhoek, Namibia, and/or
 - (c) Email using the following address: info@namfisa.com.na
- 5.3 The application for exemption must:
 - (a) contain full particulars of the financial institution and the authorization of the person signing the application;
 - (b) specify the date on which the exemption is required to take effect;
 - (c) set out fully the reasons for the application and contain documentation, statements and affidavits evidencing the reasons for the application;
 - (d) contain an affirmation by the financial institution concerned to provide, at the

request of the Chief Executive Officer of the Authority, forthwith any further information or particulars which the Authority may require in connection with the financial institution or application concerned; and

- (e) specify the postal and/or email address at which the financial institution will accept service by the Authority of any notice contemplated in section 25(6)(b) of the Namibia Financial Institutions Supervisory Authority Act, 2001 (Act No. 3 of 2001).