

COMPANIES AND LIASON COMMITTEE MEETING

HELD ON THURSDAY 10 NOVEMBER 2017 AT 09H00 AT THE DTI
CAMPUS, BLOCK D, DG 16

AGENDA

A. WELCOME AND APOLOGIES.

Christa Klokow (CK) welcomed all members to the meeting and apologies tendered were duly recorded.

B. ADOPTION OF AGENDA.

The Agenda of the meeting was considered and adopted by the members.

C. ADOPTION OF AGENDA OF PREVIOUS MEETING.

The minutes of the previous meeting were considered and adopted with a minor correction to reflect a member's attendance at the previous meeting.

D. MATTERS ARISING FROM PREVIOUS MEETING.

The CLC Action Plan of 10 August 2017 was worked through. Kindly find attached such Action Plan with commentary inserted thereon in Blue (Annexure "A").

E. CIPC DEVELOPMENTS – FEEDBACK FROM CIPC.

1. Operational Statistics and Issues:

- Christa Klokow (CK) informed members that the e-services system was out of order from Wednesday afternoon (8 November 2017) until approximately 04:00 am on Friday (10 November 2017) as a result of the MTN line, in terms of which the bulk of CIPC's services run, being down too/crashing. It has been noted by the CIPC that since the bulk of CIPC's services run on this MTN line that it is a risk in the future for a similar outage/crash to occur again and that alternatives are going to be investigated by the relevant CIPC departments. **Importantly CK advised that as a result of this outage occurrence customers may experience a delay while CIPC deals with the backlog on applications as a result of such outage.**
- CK asked members whether they still wish to receive the statistics surrounding the volume of submissions received by the CIPC in respect of each application type or whether they merely want to receive the turnaround times that the CIPC have been working/achieving in respect of each application type. Members agreed that they would still like to receive both and it provides an indication as to how many companies are being registered/deregistered/re-instatements etc. **Please find latest turnaround report as per 31 October 2017 attached as annexure "B".**
- CK made a general remark reminding members that e-services does work however, if a customer's application is rejected a ticket cannot be lodged for such application but it has to be lodged afresh with the

correct documentation/information. The reasoning behind this is that previously CIPC allowed for submitted applications that had been refused/rejected for reasons given, to be queried using the ticket system however, entities were stealing other entities' ticket numbers and lodging their own CIPC registration applications in order to by-pass the usual route of submission and claim that the CIPC had not registered their specific company.

2. Update on the status of disclosure requests (Veronica Lepule):

Veronica Lepule (VL) joined the meeting from the disclosure unit of the CIPC to provide an explanation and update regarding the massive backlog experienced by customers pertaining to requested disclosures/certificates/other information which has repeatedly been a query raised by members for the past few meetings:

- VL provided that as has previously been noted the CIPC changed service providers in respect of its storage facilitators, last year. This change in service providers entailed the transfer of 6 million files (electronic and/or hardcopy) over a 6 month period and throughout this transition customers continued obviously to request disclosure information.
- VL has provided that her and her team have implemented a plan to visit each department within the CIPC to ascertain documentation that is missing in order to update files and eradicate this backlog.
- If a customer's requests a disclosure of information and it is not available on the electronic storage unit then VL and her team are physically checking the hardcopy files.
- The change in service providers and the CIPC's slowness to respond to a customer's disclosure request as a result of this storage transition, has resulted in duplicate requests arising and the question of whether the customer will get charged for each request received and processed. VL has advised her team that should a duplicate request come in which they are duly aware has been dealt with and the document in question has been sent to the customer already, then the customer will not be charged again for such request.
- VL further advised that they are slowly but surely eradicating the backlog and that on the date of this meeting the disclosure unit is dealing with 700 requests/disclosures that are outstanding and that same should have been finalised by end of November 2017. Trademark Requests formed the bulk of the disclosure requests made. Government Department disclosure requests take preference (10 working days).
- It was raised by a member regarding the disclosure unit responding to customer's requests by providing the incorrect document/information requested. VL provided that it has been a feature that her unit provide what is on file without an explanation to the customer that what they

specifically requested is not on the file and hence not available. It was advise that in future VL and her team will ensure that if the requested document/information is not on file then the disclosure unit will not merely send what is on file but rather send what is available along with an explanation explaining that for example, the Registration Certificate is not on file.

- Members requested VL to compile a report as to what types of information/documents are being requested the most.
- It was noted that should the disclosure request not be dealt with the route to follow is the CIPC's ticket based query system and if not adequately dealt with there, then escalated to the secretariat for further investigation.
- VL has been requested to be a permeant member at the CLC meetings and she has accepted.

3. Statistics and turnaround time on Query Resolution System (QRS):

CK provided the latest Turnaround Report as per 31 October 2017 (refer to annexure "B"), to all members present at the meeting. CK noted that if the application falls outside the turnaround time it is obviously because something was wrong with the application.

4. ICT Developments (P Mkosana):

Pamela Mkosana (PM) attended the meeting on behalf of Andre Kritzinger (AK). PM is a senior advisor for ensuring security for data/compliance information as well as implementation/development/ regulation of new functionality/technological advancements. PM started at the CIPC with her team in 2 December 2016:

- PM provided a presentation regarding cyber security and the CIPC's efforts to maintain customer information which involved *inter alia* statistics and the CIPC's ongoing development plan to ensure protection and compliance with current/new legislation regulating personal information and cyber security. Please refer to her Presentation annexed hereto as "C".

5. Update on implementation of XBRL (H Viljoen):

Hennie Viljoen (HV) joined the meeting to provide information regarding the XBRL system specifically for auditors/accountant members to the meeting:

- The Companies and Intellectual Property Commission (CIPC) embraces international best practices and the impact of the use of iXBRL when submitting Annual Financial Statements (AFS) online and in improving efficiencies. iXBRL will make it easier for Companies to report their financial information in an electronic format. CIPC will mandate the digital reporting system for all qualifying entities on 1 July 2018.

- iXBRL is an Inline Extensible Business Reporting Language for electronic communication of business information providing major benefits in the preparation, analysis, communication of Annual Financial Statements.
- The digital reporting will be in the form of iXBRL and will assist companies with filing their Annual Financial Statements to egress from a PDF reporting format to a more structured format. This will ultimately reduce the burden of multiple submissions to different regulators.

XBRL Project Objectives are:

- To reduce the administrative burden on businesses when they report financial information to government for regulatory compliance. Achieving this goal requires reducing duplication and inconsistency in business information reported to various government agencies - thus, a national (local taxonomy becomes a necessity; and
- To achieve regulatory compliance to accomplish the mission of the government agency. The CIPC's primary mission is to provide business and financial information to investors for better transparency and to reduce the administrative costs of reporting businesses.
- For more information, Mr Hennie Viljoen (XBRL Programme Manager) - e-mail HViljoen@cipc.co.za.

F. OPERATIONAL FEEDABCK FROM STAKEHOLDERS.

1. Turnaround times on queries escalated via the secretariat (SAICA):
Refer to the Action Plan of 10 August 2017 marked annexure "A"
2. Register or log from CIPC of auditors listed with entities:
It has been queried that auditors/accounting officers are being registered as auditors/accounting officers of companies or CCs and such auditor or accounting officer is not in any way affiliated with such company/CC. Furthermore, when an auditing firm has been removed as the appointed auditing firm the specific auditor in terms of such firm is not being removed along with such firm, which is supposed to happen, thereby resulting in the auditor being contacted by SARS at a later stage. CIPC advised that it is going to investigate same specifically with regards to the e-services function enabling an auditor firm's/person's details to be amended, such function allows for the appointment of an auditor by way of the customer merely obtaining such auditor's personal professional number and inserting same via the electronic e-services function.
3. Timeframe to when beneficial ownership will be added to the annual return:

No indication yet and the matter is temporarily on hold; item remains on the Agenda until such time that a timeframe can be given. CIPC shall publish a notice to its customers well in advance.

4. Pretoria Attorneys Association (PAA):
Please find attached responses by the CIPC to the PAA's queries marked annexure "D".

G. GENERAL.

1. CK advised that there will be a review of the terms of reference in respect of the next CLC meeting
2. **CK requested that members once again communicate to their colleagues the correct procedure regarding service of subpoenas and/or court orders on the CIPC, as per the CIPC's Practice Note 9 of 2017 (attached hereto marked Annexure "E")**

H. DATE OF NEXT MEETING.

To be confirmed.

I. CLOSING.

CK declared meeting closed at 11h21.