



# KPMG Regulatory Centre of Excellence

Be on the **inside**

[Important Links](#)

[Contact Us](#)

[Subscribe](#)

[Previous Editions](#)

## KPMG in South Africa

*Regulatory Updates for the week ended 17 August, 2018*

### FinWatch – A Weekly Newsletter

Find the latest edition of **FinWatch** which provides a gist of all regulatory developments impacting the financial services industry in South Africa.

- [Regulatory Developments](#)
- [Market Developments](#)
- [Accounting / Auditing Update](#)
- [The Inside Edge](#)

## Regulatory Developments

### Brokerage and Securities Markets

#### **FMA joint standard 1 of 2018: requirements and additional duties of a trade repository**

The Financial Sector Conduct Authority and the Prudential Authority published a joint standard which prescribes requirements and additional duties of a trade repository as contemplated in the Financial Markets Act (FMA), 2012. A consultation report as required by the Financial Sector Regulation Act of 2017 is also published with FMA Joint Standard 1 of 2018. [SARB](#)

### Banking

#### **SARB presentation to the SCOF**

The South African Reserve Bank (SARB) published the presentation sent to the Standing Committee of Finance (SCOF). The agenda of the presentation was:

- Role of the SARB;
- Macroeconomic overview and outlook;
- Highlights from the annual report. [SARB](#)

#### **Remarks by the Governor of the SARB**

At the annual dinner, the Governor of the South African Reserve Bank (SARB) spoke about

the issues that are central to the agendas of the Group of Twenty (G20), the Financial Stability Board, the Bank for International Settlements, the International Monetary Fund, and the World Bank. In his opinion, the rising interconnectedness has widened the set of shared problems that are more effectively addressed through a global agenda. In this respect, collaboration is essential. This includes, among other things:

- Reaffirming the open and rules-based multilateral trade system;
- Strengthening the global financial safety net;
- Addressing the excess external imbalances;
- Completing the financial regulatory reform agenda; and
- Reaching the 2030 Sustainable Development Goals. [SARB](#)

#### **Directive issued by the SARB in term of the Banks Act**

The South African Reserve Bank (SARB) has published a directive to direct banks, branches of foreign institutions and controlling companies to apply a materiality threshold in the calculation of a bank's exposures to foreign jurisdictions in respect of which reciprocity should be applied. [SARB](#)

### **Others**

#### **Treasury insists stimulus will be applied with fiscal care**

National Treasury (NT) has given assurance that any stimulus package to ignite economic growth will not undermine fiscal prudence and will be funded through the reprioritisation of the existing budgetary resources. In his announcement the President stated that the package of stimulus measures would include:

- Increased investment in public infrastructure;
- Increased support for entrepreneurship and employment opportunities for women, youth and small and medium businesses;
- Trade support measures for sectors such as sugar;
- Ensuring that procurement is localised; and
- Training for unemployed youth. [Link](#)

#### **MFSA review application on the interest rate on the short-term loan**

The North Gauteng High Court ruled in favour of the National Credit Regulator (NCR) and Department of Trade and Industry (DTI) in the Micro Finance South Africa (MFSA) review application challenging the regulations reducing the interest rate on the second short-term loan in a calendar year. The regulations reduced the interest rate on the second short-term loan in a calendar year from 5% to 3% per month. The MFSA was ordered to pay the NCR and DTI's costs, including the costs of the application for leave to appeal as well as the costs of two counsel. [NCR](#)

### **Other African Countries**

#### **Bank of Ghana establishes ethics and internal investigations unit (Ghana)**

As a part of the Bank of Ghana's effort to introduce more accountability and integrity, the Bank has established an Office of Ethics and Internal Investigations. The Unit will be mandated to strengthen good governance within the bank and promote highest standards of ethical conduct commensurate with the Bank's mandate. [BOG](#)

#### **Draft Kenya Banking Sector Charter (Kenya)**

In line with the regulatory reforms aimed at strengthening service standards, consumer protection and enhanced competition in the banking sector, the Central Bank of Kenya (CBK) has proposed to introduce a Kenya Banking Sector Charter to guide service provision in the sector. The objective of the charter is to promote a responsible and disciplined banking sector that is cognisant of and responsive to the needs of the banking public. [CBK](#)

#### **CMA to review ETF and Depository Receipt Guidelines (Uganda)**

The Capital Markets Authority (CMA) has drafted the Domestic Exchange Traded Funds Guidelines as well as Depository Receipt Guidelines which will aim to provide more clarity on the process of offering these products in the market. According to the CEO of the CMA, the amendments to the regulations and the new guidelines that have been drafted aim to operationalise the CMA Act, to ensure that the laws are relevant to the current needs of the market and easily applicable. [CMA](#)

---

## Market Developments

### International

#### **APRA proposes changes to make the Australian ADI capital framework more transparent, comparable and flexible**

The Australian Prudential Regulation Authority (APRA) sought industry feedback on potential approaches to adjust the capital framework for authorised deposit-taking institutions (ADIs) to make capital ratios more transparent, comparable and flexible. The prospective approaches were outlined in a discussion paper released for industry consultation. APRA is considering whether to alter the way ADIs' capital requirements are calculated and disclosed to facilitate greater domestic and international comparability and transparency of ADI capital strength. The discussion paper proposes measures to make the capital framework more flexible in times of stress, including by increasing the size of regulatory capital buffers relative to minimum regulatory capital requirements. [APRA](#)

#### **Parliamentary Joint Committee on Corporations and Financial Services**

The Australian Government has provided Australian Securities and Investments Commission (ASIC) 70.1 million AUD funding package. This funding is aimed to accelerate and expand ASIC's enforcement and supervisory work. The important measures that will be enabled by the additional funding include:

- Enhanced supervisory approach for superannuation
- Creation of a corporate governance taskforce that will, amongst other things, look at the overall effectiveness of corporate governance standards
- Reviewing the effects of conflicts of interest that remain in the financial advice industry; and
- Promoting the adoption of regulatory technology by Australian financial firms. [ASIC](#)

#### **RTGS Renewal Programme call for interest**

The Bank of England (BoE) is looking to work with a range of organisations, including fintech firms, to explore the demand for introducing synchronised settlement to the renewed RTGS service. The atomic settlement means that the transfer of two assets is linked in such a way as to ensure that the transfer of one asset occurs if and only if the transfer of the other asset also occurs. The Bank of England believes that for certain transaction types, this functionality could reduce cost and risk, improve efficiency, and support innovative new methods of settlement. [BoE](#)

#### **Making it easier to use and compare current accounts**

After initiating the Open Banking initiative, APIs will be an important route through which third parties can access current account service information. Under the new rules customers will be able to easily find standard information on providers' websites about:

- How and when services and helplines are available;
- Contact details for help, including for 24 hour helplines;
- How often the firm has had to report major operational and security incidents; and
- Published level of complaints made against the firm. [FCA](#)

#### **Call for comments on governance of OTC derivatives data**

The Committee on Payments and Market Infrastructures (CPMI) and the International Organization of Securities Commissions (IOSCO) published for public comment a consultative report on governance arrangements for over-the-counter (OTC) derivatives data elements. The document identifies key criteria, functions and bodies for the governance arrangements for critical data. The document is a step towards fulfilling the Group of 20's commitment to report all OTC derivatives contracts to trade repositories (TRs), to improve transparency, mitigate systemic risk and prevent market abuse. [BIS](#)

---

Please [click here](#) to access the previous issues of the External edition of FinWatch

[kpmg.com/socialmedia](https://www.kpmg.com/socialmedia)

Michelle Dubois  
Senior Manager, Africa Regulatory CoE  
Email ID: [Michelle.Dubois@kpmg.co.za](mailto:Michelle.Dubois@kpmg.co.za)

[Unsubscribe](#) | [Privacy](#) | [Legal](#)

You have received this message from KPMG in South Africa.

© 2018 KPMG Services Proprietary Limited, a South African company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. All rights reserved.



[kpmg.com/app](https://kpmg.com/app)



