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KPMG in South Africa

Regulatory Updates till for the week ended 2 August, 2019

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.

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Regulatory Developments

Others

Speech by Lesetja Kganyago, Governor of the South African Reserve Bank (SARB)

Lesetja Kganyago, Governor of the South African Reserve Bank (SARB) gave a speech on the occasion of ninety-ninth annual Ordinary General Meeting of the SARB shareholders. He addressed the meeting on various global economic conditions, domestic economic conditions such as inflation and national financial stability. He laid out his views on the current condition of financial sector supervision and regulation entities and the debate around the proposed nationalisation of the SARB. [Link](#)

FATF Report: Terrorist Financing Risk Assessment Guidance

The Financial Action Task Force (FATF) published its 2019 Terrorist Financing Risk Assessment Guidance (the FATF Guidance). FATF, through its report, recognises that, for countries to effectively dismantle and disrupt terrorist networks, they must first identify, assess, and understand their terrorist financing risks. It highlights the importance of countries establishing regular mechanisms to monitor terrorist financing risks on an on-going basis and the need to understand evolving risks and trends. The guidance acknowledges that there are certain unique

challenges in this maintenance exercise, such as the low value of the funds or assets, the cross border nature of the terrorist financing, and the fact that transactions can appear routine. [Link](#)

Francois Groepe appointed Deputy CEO of Discovery Bank

Former Deputy Governor of the SA Reserve Bank, Francois Groepe, has been appointed as deputy CEO of Discovery Bank. [Link](#)

Market Developments

International

FCA acts to protect consumers transferring out of defined benefit pension schemes

The Financial Conduct Authority (FCA) published a package of pension related proposals designed to improve the quality of pension transfer advice, and to help consumers get better value from their pension. It includes:


- Proposed ban on contingent charging for pension transfer advice which aims to protect customers from the conflicts of interest which arise where a financial adviser only gets paid if a transfer goes ahead;
- Feedback statement on its discussion paper on effective competition in non-workplace pensions. It outlines a package of potential measures to protect consumers which could include requiring providers to offer one or more investment solutions, reducing charge complexity and increasing transparency; and
- Final rules and guidance on the final tranche of remedies arising out of the Retirement Outcomes Review, including the introduction of investment pathways. [Link](#)

FCA provides clarity on current cryptoassets regulation

The Financial Conduct Authority (FCA), in response to the FCA's consultation on regulating cryptoassets activities, published final guidance. The guidance will help firms understand whether their cryptoasset activities fall under FCA regulation. This will allow firms to have a better understanding of whether they need to be authorised and what they need to do to ensure they are compliant. It also makes an important distinction as to which cryptoassets fall inside the regulatory perimeter clearer. [Link](#)

APRA welcomes Capability Review report and outlines action plan

The Australian Prudential Regulation Authority (APRA) welcomes the Capability Review Report and opportunity it presents to better position APRA for the future. The report recognises APRA as a high-quality prudential supervisor that has been successful in delivering on its core mandate of ensuring financial safety of regulated entities and a sound and resilient financial system over a long period of time. The report notes APRA is not able



to stand still in the face of a complex and dynamic operating environment, but highlights the need to accelerate the necessary changes if APRA is to remain a successful prudential supervisor into the future. However, it also acknowledges the steps APRA has already taken in response to these developments. [Link](#)

ASIC implements pause on admission of managed funds with internal market makers

ASIC has requested that exchange market operators do not admit any managed funds that do not disclose their portfolio holdings daily and have internal market makers while it undertakes a review during the remainder of this calendar year. ASIC intends to review the regulatory settings for exchange traded managed funds that use internal market makers. [Link](#)
