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## KPMG in South Africa

*Regulatory Updates for the week ended 02 October, 2020*

### 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](#)

### Regulatory developments

#### **SA Parliament seeks comment on Draft Taxation Laws Amendment Bill**

Parliament released a notice seeking comment on the '2020 Draft Taxation Laws Amendment Bill (2020 Draft TLAB)' and the '2020 Draft Tax Administration Laws Amendment Bill (2020 Draft TALAB)'. According to National Treasury's statement, these draft tax bills contain tax proposals made in the '2020 Budget' on 26 February 2020. [Link](#)

#### **SARB publishes quarterly bulletin: September 2020**

The South African Reserve Bank (SARB) published the quarterly bulletin on data for 2Q20. The highlights include inputs on money and banking, capital markets, public finance, national accounts, etc. The bulletin also covers an article on recent developments in money creation in SA — covering insights on the relationship between the monetary base and other macroeconomic variables, the SARB's liquidity operations, etc. [Link](#) [Link](#) [Link](#) [Link](#)  
[Link](#) [Link](#)

#### **SARB publishes notice on declaration of interim dividend**

The SARB published a notice declaring an interim dividend of five cents per share for the six months ended 30 September 2020. It will be paid to shareholders registered in the books of the SARB at the close of its business on 16 October 2020. [Link](#)

## **SARB publishes discussion document on the ‘Group structure reporting requirements for resolution planning’**

The SARB has published a discussion document on the ‘Group structure reporting requirements for resolution planning’, with respect to the Financial Sector Laws Amendment Bill (FSLAB), which was tabled in August 2020. The objective of the document is to set out criteria to identify resolution groups, involving:

- The entities in a financial conglomerate that should be treated as part of a designated institution (DI).
- The entities that could be excluded by the Governor without affecting the ability of the SARB to conduct an orderly resolution. [Link Link](#)

## **National Treasury releases second draft of Conduct of Financial Institutions Bill for public comment**

National Treasury published a media statement inviting public comments on the second draft of the Conduct of Financial Institutions (COFI) Bill. The initial draft was published for comment in December 2018 and the second draft was accompanied by a ‘Response Document’, which explained the key changes made to the first draft of the bill — in response to the submitted comments and related engagements. National Treasury currently aims to finalise the bill and thereafter to submit it to the Cabinet for approval and tabling in 2021. [Link Link Link Link](#)

## **PA releases selected SA insurance sector data: June 2020**

The Prudential Authority (PA) of South Africa has released its June 2020 report on selected insurance sector data for the period to June 2020. It covers information on insurers from different categories, such as life primary, life cell captives, non-life primary, non-life cell captives, non-life captives, professional reinsurers, etc. [Link Link](#)

## **FSCA releases e-newsletter: September 2020 edition**

The Financial Sector Conduct Authority (FSCA) published the September 2020 edition of its quarterly e-newsletter, which covers highlights on the following topics:

- Conduct Standard for Banks
- The FSCA’s stance on Business Interruption (BI) insurance cover
- Money Smart News provides financial literacy for customers
- Five regulatory guidance on online trading in SA
- COVID-19 related updates [Link](#)

## **FSCA publishes amendment of FAIS notice in terms of FAIS Act, 2002**

The FSCA, in terms of paragraph 3(a) of the notice on ‘Exemption of Scotia Capital Inc in respect of certain clients’, published a notice under the Financial Advisory and Intermediary Services Act, 2002 (Act 37 of 2002), to amend the dates mentioned earlier in the initial circular. [Link Link](#)

## **OSTI publishes its quarterly Briefcase: Issue 3 of 2020**

The Ombudsman for Short-Term Insurance (OSTI) published its quarterly ‘Briefcase — Issue 3 of 2020’. The report includes highlights various recent case studies of OSTI and related news updates. [Link](#)

## **Competition Commission published newsletters – September 2020 edition**

The Competition Commission South Africa published edition-67 of its newsletter ‘Competition News’ – September 2020 edition. The edition majorly focuses on the pandemic-related updates in SA. [Link](#)

## **Mastercard’s Fintech Express to help fintechs launch and expand rapidly**

US-based global financial services company, Mastercard, launched ‘Fintech Express’ in the Middle East and Africa (MEA) zone, to facilitate emerging fintechs’ launch and expansion in the areas. This would help startups in the financial services sector to focus more on innovation that drives the digital economy. [Link](#)

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## Market developments

### International

#### **FCA and the Bank of England encourage market participants to switch to SONIA in interest rate swap markets**

The Financial Conduct Authority (FCA) and the Bank of England are supporting and encouraging liquidity providers in the sterling swaps market to adopt the new quoting conventions for inter-dealer trading based on Sterling Overnight Index Average (SONIA), instead of the London Interbank Offered Rate (LIBOR), from 27 October 2020. The FCA intends to facilitate further shift in market liquidity toward SONIA swaps, bringing benefits for a range of end-users and other market participants. [Link Link](#)

#### **FCA publishes update on BI insurance test case appeals process**

FCA published a media statement to confirm filing a 'leapfrog' application to appeal to the UK Supreme Court, on account of the Business Interruption (BI) insurance claims in the financial services sector of the country. Through this process, the FCA intends to achieve clarity on the affected BI policies. [Link Link](#)

#### **FCA publishes annual report on the regulatory perimeter**

FCA released a media statement on release of its second annual perimeter report. The perimeter determines the activities that require authorisations and the level of protection that consumers can expect for the financial services and the products they purchase. [Link](#)

#### **FCA media release: Industry to begin testing the Financial Instruments Transparency System (FITRS)**

FCA, as a part of its development of the post-exit Markets in Financial Instruments Directive (MiFID) regime, industry testing for FCA FITRS, will open on 5 October 2020. It would be holding virtual workshops with the industry in October 2020 to get feedback on the FCA FITRS and the FCA Financial Instruments Reference Data System (FIRDS), which would be available for testing. [Link Link](#)

#### **APRA issues letters to ADIs on resuming consultation on confidentiality of data**

The Australian Prudential Regulation Authority (APRA) released a letter proposing to resume its consultation on the confidentiality of data submitted by authorised deposit-taking institutions (ADIs) and shared a proposed list of key data items to be determined as non-confidential. The consultation was paused in response to COVID-19. [Link](#)

#### **APRA resumes work to enhance sustainability of individual disability income insurance**

The Australian Prudential Regulation Authority (APRA) announced to resume its intervention into the life insurance market to analyse the ongoing heavy losses in respect of individual disability income insurance (IDII). In a letter, APRA has also advised the IDII providers to take necessary steps to address their sustainability concerns, or otherwise it would charge capital penalties. [Link](#)

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