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## KPMG in South Africa

*Regulatory Updates till for the week ended 13 March, 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

##### **FSCA publishes exemption of certain short-term insurers from rule 13.4 of Policyholder Protection Rules under short-term insurance, 2017**

The Financial Sector Conduct Authority (FSCA) under section 281(1) of the Financial Sector Regulation Act, 2017, exempted certain short-term insurers from aspects of rule 13.4 of the Policyholder Protection Rules. [Link Link Link](#)

##### **FSCA publishes on exemption of certain funds in relation to specific employers from requirements under Pension Funds Act, 1956**

The FSCA under section 28(17) of Pension Funds Act , 1956 (Act No 24 of 1956), read with section 281(4) of the Financial Sector Regulation Act, 2017 (Act No 9 of 2017) exempted certain funds in relation to specific employers. Information related to exempted funds are mentioned in Annexure A of the notice: A liquidator shall be appointed in the manner directed by the rules, or, if the rules do not contain directions as to such appointment. by the person managing the business of the fund, but such appointment shall

be subject to the approval of the registrar, and the period of liquidation shall be deemed to commence as from the date of such approval. [Link Link Link Link](#)

#### **FSCA publishes on exemption granted under Pension Funds Act, 1956**

The FSCA under section 7B(1) of Pension Funds Act, 1956 (Act No 24 of 1956), read with section 281(3) of Financial Sector Regulation Act, 2017 (Act No 9 of 2017) exempted the funds listed in Annexure A of the notice from the provisions of section 7A(1) of Pension Funds Act, 1956 (Act No 24 of 1956): Notwithstanding the rules of a fund, every fund shall have a board consisting of at least four board members, at least 50 percent of whom the members of the fund shall have the right to elect

- Sub-section (1A): The composition of the board shall at all times comply with the requirements of the rules of the fund and any vacancy on such board shall be filled within such period as prescribed [Link Link Link](#)

#### **FSCA submission on historically outstanding actuarial valuation reports and annual financial statements**

The FSCA identified a number of pension funds that have no remaining members, with historical outstanding actuarial valuation report submissions and outstanding annual financial statement submissions. Through this circular the FSCA aimed to inform such funds to comply with all regulatory requirements and submit their consolidated report based on guidelines set out in the circular. [Link](#)

#### **Peregrine may delist after receiving buyout offer**

The article states that South African based wealth and asset manager Peregrine Holdings may delist from the JSE and A2X, after receiving a buyout offer from the private equity firm Capitalworks. According to the article, two special purpose companies have been set up for the proposed transaction, which would allow Peregrine shareholders to either receive cash or shares. Shareholders are given the options to either receive ZAR21 per share, less any distributions that take place in the interim or receive shares in one of the special purpose companies to retain their exposure to Peregrine. [Link](#)

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## **Market Developments**

### **International**

#### **Joint statement from FCA, Bank of England, PRA, CMA and PSR on the launch of Financial Services Regulatory Initiatives Forum**

Five UK-based regulators, including the Financial Conduct Authority (FCA), Bank of England, Prudential Regulation Authority (PRA), Payment Systems Regulator (PSR) and Competition and Markets Authority (CMA) are to jointly establish the Financial Services Regulatory Initiatives Forum. The Forum is a joint initiative between the regulators and Her Majesty's Treasury (HM Treasury). It intends to support regulators in identifying and managing peaks in demand and provide updates on the major upcoming initiatives across the main financial services authorities to the UK-based firms. [Link](#)

#### **FCA issues research on mortgage switching**

The FCA released information related to its latest research into mortgage switching and how consumers can be encouraged to seek out better deals. The FCA will issue a consultation paper on potential remedies in 2020. The research highlights the factors that contribute to the decision of not switching, including lack of time, fear of the application process and for many, relative contentment with their current lender or deal. The consumer research also suggests that consumers could become more engaged with the switching process, with provision of appropriate information. [Link](#)

#### **FCA begins data review in wholesale market**

The FCA has begun a review into the use and value of data and advanced analytics in wholesale financial markets, both in present and future. The FCA is utilising its call for input (CFI) to better understand –

- Usage of data and advanced analytics
- Value offered by data and advanced analytics to market participants
- Whether data and advanced analytics are competitively sold and priced [Link](#)

#### **CRD IV and capital**

The report published by the PRA sets out its expectations on the quality of regulatory capital resources that firms are required to hold, under the capital requirements directive (CRD) and capital requirements regulation (CRR). The SS explains how the PRA expects firms to comply with relevant provisions on the quality of capital, to which CRD IV applies. It builds on high level expectations on capital set out in the PRA's approach document to banking supervision, which should be read in conjunction with the Definition of Capital part of PRA Handbook. [Link Link](#)

#### **ASIC releases new regulatory framework for foreign financial services providers**

The Australian Securities and Investments Commission (ASIC) released its new regulatory framework for foreign financial service providers (FFSPs), who deal with Australian wholesale clients. Two key elements of the framework are–

- Introduction of a new foreign Australian financial services (AFS) licensing regime for FFSPs
- Provision of licensing relief for providers of funds management financial services, who seek to induce some types of professional investors [Link](#)

#### **ASIC consults on proposals about advice fee consents and independence disclosure**

ASIC issued consultation paper: Implementing the Royal Commission Recommendations – Advise fee consents and independence disclosure, which seeks feedback on the following –

- Draft legislative instruments which deal with advice fee consents and independence disclosure
- A proposal to issue more guidance in Regulatory Guide 245: Fee Disclosure Statements (RG 245), to help industry meet obligations around ongoing fee arrangements, including renewal notices and fee disclosure statements [Link Link Link](#)

#### **APRA announces revised implementation approach for APRA Connect**

The Australian Prudential Regulation Authority (APRA) released a revised implementation time for its new data collection solution, the APRA Connect. This will replace the existing data collection tool named Direct to APRA (D2A). With utilisation of data, analytics and technology, APRA Connect is expected to provide a modern, efficient and flexible solution to improve data collection process and support evolving regulatory needs. The tool is expected to release towards the end of September 2020. [Link](#)

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