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KPMG in South Africa

Regulatory Updates for the week ended 21 August, 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.

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Regulatory Developments

Joint media statement by SA regulators: Regulatory proposals on payroll deductions

The Financial Sector Conduct Authority (FSCA) published a joint communication on the South African Payroll Association's (SAPA's) survey to obtain insights into South Africa's payroll deductions landscape. The survey has been initiated on behalf of National Treasury, the South African Reserve Bank (SARB), the FSCA, the National Credit Regulator (NCR), Department of Public Service and Administration, Department of Trade, Industry and Competition and Department of Employment and Labour. The survey results will be utilised to accelerate the process of finalising an informed, robust and

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comprehensive regulatory position on payroll deductions in the country. [Link](#)

FSCA publishes communication notice on prepopulated records of advice

The FSCA, in terms of section 9 of the General Code of Conduct for Authorised Financial Services Providers and Representatives, 2009, published 'Financial Advisory and Intermediary Service (FAIS) Communication 46 of 2020' on concerns related to incorrect advice provided based on factual errors on the prepopulated records. According to the findings, clients have been provided with advice based on incorrect comparisons of policy wording, fees, benefits and exclusions on prepopulated records. [Link Link](#)

FSCA prohibits acceptance of gratification as per Directive PF No 8 of 2018

The FSCA published a communication notice to provide further clarification to the financial services industry and stakeholders on its position with respect to conflicts of interest relating to principal officers of retirement funds appointed as such whilst also being in the employment of service providers and to extend the period for compliance with Directive PF No 8 of 2018. [Link Link](#)

FSCA publishes exemption of certain service providers from FAIS Act, 2002

The FSCA, in terms of paragraph 3(a) of the Exemption of Certain Financial Services Providers (FSPs) from Professional Indemnity and Fidelity Insurance Cover Requirements, 2017, amended paragraph 2 of the Schedule to the exemption by the substitution of subparagraph (b) of the following subparagraph:

- This exemption shall, subject to paragraph 3, be valid until 31 August 2022 [Link Link Link](#)

FSCA exempts certain long-term and short-term insurers from section 13 of General Code of Conduct, 2020

The FSCA, in terms of paragraph 3(a) of the 'Exemption of Certain FSPs who are Long-term Insurers or Short-term Insurers' from section 13 of the 'General Code of Conduct, 2015', amended paragraph 2 of the Schedule to the Exemption by the substitution of subparagraph (b) of the following subparagraph:

- This Exemption shall, subject to paragraph 3, be valid until 31 August 2022 [Link Link Link](#)

FSCA adjusts levies for financial institutions

The FSCA has released its latest levies for financial institutions, also published in Government Gazette: 43626. The new levies are determined in terms of the Financial Services Board Act, 1990 (Act 97 of 1990). [Link Link Link](#)

SARB republishes consultation paper on selected interest rate benchmarks in SA, 2018

The SARB has republished a media communication on a 2018 consultation paper related to the selected interest rate benchmarks in South Africa. The paper covers information related to: international perspective on interest rate benchmark reforms, Jibar reform, Sabor reform, risk-free interest rate benchmarks in the SA financial markets etc. The SARB has also released a draft statement on methodology and its administered interest rate benchmarks in August 2020, which covers updates on policies governing interest rate benchmarks along with statement of methodology and underlying interest of various types of interest rates. [Link Link Link Link Link Link](#)

Financial Sector Laws Amendment Bill tabled

National Treasury published a media statement on the tabling of the Financial Sector Laws Amendment Bill in Parliament, which was initially released in Government Gazette: 43441 in June 2020. The bill is part of the 'Twin Peaks reform' of the financial regulatory system, applicable to the financial sector of SA. The bill has proposed to designate the SARB as the Resolution Authority and would therefore strengthen the SARB's regulatory tools that are designed to ensure stability of the financial system. [LinkLink](#)

ASISA media release: Local CIS industry records historic net quarterly inflows of ZAR88 billion during COVID-19

The Association for Savings and Investment South Africa (ASISA) published a media statement mentioning that investors have committed ZAR88 billion in net inflows to local Collective Investment Scheme (CIS) portfolios during 2Q20 — representing the highest net quarterly inflows on record. The total net inflows for 1H20 is ZAR111 billion. By the end of June 2020, assets under management (AUM) had recovered to about ZAR2.5 trillion from

about ZAR2.3 trillion, which was recorded in March 2020. [Link](#)

Market Developments

International

JP Morgan hires former UK finance minister — Sajid Javid

The US-based investing banking firm, JP Morgan, announced the appointment of Sajid Javid as its new senior adviser, who was earlier a finance minister in the UK. [Link](#)

ASIC acts against SMSF auditors with inappropriate level of audit experience

The Australian Securities and Investments Commission (ASIC) released a media statement announcing the cancellation or restrictions on registrations of 42 auditors of self-managed superannuation funds (SMSFs), who had not maintained an appropriate level of audit experience. About 36 SMSF auditor registrations have been cancelled and conditions have been imposed on six more auditors. [Link](#)

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