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KPMG in South Africa

Regulatory Updates till for the week ended 21 February, 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](#)
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Regulatory Developments

Auditing Profession Amendment Bill tabled

The Auditing Profession Amendment Bill was tabled in Parliament and its explanatory summary was republished in the government gazette. The Bill aims to amend the Auditing Profession Act, 2005. A few highlights on its focus areas are –

- To strengthen governance of the Independent Regulatory Board for Auditors (IRBA)
- To strengthen investigating and disciplinary processes
- Power to enter and search premises and to subpoena persons with information required for an investigation or disciplinary process
- Power to issue a warrant for purposes of entering and searching of premises
- Processes to be followed post investigation
- Duty to disclose required information
- Provision for sanctions in admission of guilty process and following disciplinary hearing
- Provision for offences related to investigation and disciplinary process
- Provision for protection of personal information (POPI) [Link](#)

Updates from other parts of Africa

FSC Mauritius publishes consultation paper: Guidelines for mortgage underwriting practices and procedures

The Financial Services Commission, Mauritius (FSC) is to process issuance of Guidelines for mortgage underwriting practices and procedures under section 130(3)(a) and (b) of the Insurance Act, 2005. The document aims to reinforce the FSC's supervisory and regulatory tools for oversight of mortgages underwritten by insurance companies. [Link](#)

Market Developments

International

FCA highlights key areas of concerns in financial services markets

The Financial Conduct Authority (FCA) in its annual Sector Views publication – An assessment of risks and potential harm to consumers across financial services markets, highlights the areas that the FCA is concerned about. The following are a few of these concerns –

- **Credit Market:** Although the FCA has seen a number of positive corrections, its Financial Lives data shows that 7.4 million UK adults are over-indebted and find financial commitment a burden
- **Pricing practices in insurance market:** Pricing practices in the UK insurance market penalise loyal customers in home and motor insurances.
- **High-risk retail investment products:** These are exposing customers to high risks and observed to be often marketed directly by vendors to retail customers with poor communications, without clarifying terms and conditions [Link](#)

Bank of England publishes staff working paper: Blockchain structure and cryptocurrency prices

The Bank of England published a staff working paper: Blockchain structure and cryptocurrency prices, which mentions cryptocurrency price formation that internally develops both a financial market for coins and a fee-based market for the blockchain space. [Link](#) [Link](#)

BIS paper: Measuring the effectiveness of macroprudential policies using supervisory bank-level data

The Bank of International Settlements (BIS) published the research paper: Measuring the effectiveness of macroprudential policies using supervisory bank-level data implemented by five Asia-Pacific central banks. The project focuses on the effectiveness of macroprudential policies to contain excessive household credit growth and bank risk. The BIS provided research protocol to five Asian Consultative Council (ACC) central banks, including Reserve Bank of Australia, Bank Indonesia, Reserve Bank of New Zealand, Central Bank of Philippines and Bank of Thailand, to conduct their analysis and share collaborated information with the BIS. Results reflect the efficiency of macroprudential policy actions across these countries in reducing excessive household credit growth and reduced bank risk in terms of non-performing loan ratio. [Link](#)

ASIC consults on draft guidance: New best interests duty for mortgage brokers

The Australian Securities and Investments Commission (ASIC) is consulting on draft guidance: New best interests duty for mortgage brokers. As per new obligations, from 1 July 2020, all mortgage brokers will require to act in the best interest of consumers, while providing credit assistance. The draft guidance focuses on common steps involved in credit assistance process of brokers, such as gathering information, considering available product options and presenting them and recommending appropriate options to customers. [Link](#) [Link](#)

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