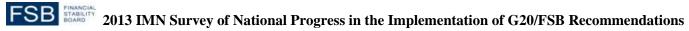


Jurisdiction:

South Africa

2013 IMN Survey of **National Progress in** the Implementation of **G20/FSB** Recommendations

- I. Refining the regulatory perimeter
- II. Hedge funds
- **III. Securitisation**
- IV. Enhancing supervision
- V. Building and implementing macroprudential frameworks and tools
- VI. Improving oversight of credit rating agencies (CRAs)
- VII. Enhancing and aligning accounting standards
- VIII. Enhancing risk management
- IX. Strengthening deposit insurance
- X. Safeguarding the integrity and efficiency of financial markets
- XI. Enhancing financial consumer protection
- XII. Reference to source of recommendations
- **XIII. List of Abbreviations**





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	Refining the regulatory		1 1 1	<u> </u>	-
(1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London) We agree to strengthen the regulation and oversight of the shadow banking system. (Cannes)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc. Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The Financial Markets Act no.19 of 2012 came into effect on 3 June 2013 replacing the Securities Services Act no. 36 of 2004. Insurance: a.The South African Financial Services Board, is preparing legislative proposals to be submitted to the National Treasury shortly to align the South African insurance legislation with the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS) as adopted in October 2011 and, to specifically, address areas for improvement of the legislative framework highlighted in the IMF / World Bank assessment of South Africa's compliance with the ICPs in	Planned actions (if any): Subordinate legislation in support of the Financial Markets Act, 19 of 2012 including regulations pertaining to the OTC Derivatives market, will be introduced in phases over the next 2 years, through the appropriate process. This will include inter alia, publication of regulations in respect of Central Counterparties, Trade Repositories as well as OTC Derivatives Providers for public comment by Q4 2014. South Africa will give effect to key findings identified by the IMF / World Bank assessment of South Africa's compliance with the ICPs through the Insurance Law Amendment Bill in 2014/2015. It is envisaged that the microinsurance legislative framework will be published for comment in 2014 and promulgated in 2015 as part of other legislative reforms. The Insurance Law Amendment Bill is currently before SA's Parliament. It is expected to be promulgated late 2013. Expected commencement date:
				March 2010. b. The South African	SAM will be implementated on January

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial Service Board, in 2010,	2016
				initiated the development of a new risk-	
				based solvency regime for South African	Web-links to relevant documents:
				short-term and long-term insurers,	vveb-mas to relevant documents.
				known as the Solvency Assessment and	ftp.fsb.co.za/public/insurance/SAM
				Management regime (SAM), to align the	http://www.fsb.co.za/insurance/latest
				South African insurance industry with	developments
				international standards. SAM will be	http://www.fsb.co.za/capitalmarkets/legis
				based on the Solvency II capital	lation/fnancialmarketsact19of2012
				adequacy, risk governance, and risk	
				disclosure regime being implemented for	
				European insurers and reinsurers. SAM	
				will share the same broad features as	
				Solvency II, being a principles-based	
				regulation based on an economic balance	
				sheet, and utilising the same three pillar	
				structure of capital adequacy (Pillar 1),	
				systems of governance (Pillar 2), and	
				reporting requirements (Pillar 3). c. The	
				South African Financial Service Board is	
				participating in the National Treasury led	
				project to formulate legislation to	
				introduce a micro-insurance regulatory	
				framework in South Africa that will	
				enhance access to insurance and facilitate	
				new entrants into the insurance market.	
				d. Financial Services Laws General	
				Amendment Bill, 2012 is already at an	
				advanced stage of being promulgated	
				into legislation. This draft Financial	
				Services Laws General Amendment Bill,	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				2012 seeks to amend several legislations	
				regulating South African financial	
				services industry. Included in this	
				amendment is legislation that falls within	
				the administration of the Financial	
				Services Board. This will culminate into	
				the enhanced regulation of the industries	
				that the FSB is responsible for. In	
				February 2013, our domestic financial	
				authorities published the Implementation	
				Document for the Twin Peaks model of	
				financial regulation. South Africa is	
				moving to a "twin peaks" model of	
				financial regulation which will	
				holistically review the supervisory and	
				regulatory frameworks for stability,	
				prudential and market conduct regulation	
				of the financial services sector.	
				Retirement funds that are underwritten	
				by a South African insurer will benefit	
				indirectly from SAM Regulation	
				28containing the prudent investment	
				guidelines for retirement funds has been	
				modernised and amended with effect	
				from 1 July 2011 combining both	
				principle and rules.	
				Status of progress :	
				Draft in preparation, expected publication by: The draft regulations for the OTC Derivatives specify the requirements for authorisation as OTC	
				Derivatives providers and list the	



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				business conduct standards, code of conduct etc. for authorised participants. The regulations are expected to be effective by end 2013. Regulations mandated on central reporting will be effective by end 2013 and central clearing will be consulted on from mid-2014.	
				Short description of the content of the legislation/ regulation/guideline:	
				The Financial Markets Act updates the	
				Securities Services Act (No. 36 of 2004),	
				to take into account developments in the	
				international regulations and to	
				strengthen our regulation approach to	
				financial markets and its participants. In	
				particular, it enables a regulatory	
				framework for unlisted securities, and	
				enables central reporting and clearing for	
				derivatives. The Financial Markets Act	
				will enable among other the regulation of	
				OTC Derivatives and make provision for	
				the licensing of independent clearing	
				houses (CCPs) and Trade Repositories.	
				Web-links to relevant documents:	
				http://www.fsb.co.za/capitalmarkets/legis lation/fnancialmarketsact19of2012	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	Hedge funds				
	•	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds(Seoul) Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress: Draft published as of: 13/09/2012 Short description of the content of the legislation/ regulation/guideline: A regulatory framework for the regulation and supervision of hedge funds has been developed. The framework was released by National Treasury and the Financial Service Board in September 2012 for public comment and engagement. The process to refine the framework has begun after comments were received from public	Planned actions (if any): Legislative amendments will be considered as part of the review process. In South Africa, all hedge funds are already required since 2007 to register and report certain information to the Financial Service Board in terms of the Financial Advisory and Intermediary Service Act, 2002("FAIS Act"). The reporting and disclosure requirements for hedge funds managers will be reviewed in line with IOSCO recommendations. Expected commencement date: 01/06/2014 Web-links to relevant documents:
				consultation with stakeholders The framework proposes two types of funds (1) Retail hedge funds (2) Restricted hedge funds. Retail hedge funds will be	

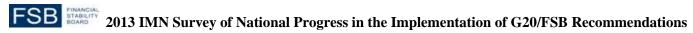


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				subject to a stringent regulatory system,	
				for example on leveraging, marketing,	
				and capital and liquidity requirements.	
				Restricted hedge funds will be subject to	
				a lighter form of regulation and mainly	
				on reporting for monitoring of systemic	
				risk and limited marketing to the general	
				public. The framework will follow the	
				IOSOC's guidelines and principles.	
				Web-links to relevant documents:	
				ftp://ftp.fsb.co.za/public/Collective_Inves	
				tments_Schemes/Press%20Release%20H	
				edge%20fund%20regulation.pdf.	
				http://www.treasury.gov.za/comm_media	
				/press/2012/ANNEXURE%20A%20-	
				Regulation%20of%20Hedge%20Funds%	
				20in%20South%20Africa-	
				%20A%20proposed%20framework	
				* *	



FSB STABILITY 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's <i>Report on Hedge Fund Oversight (Jun 2009)</i> on sharing information to facilitate the oversight of globally active fund managers.	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by: June 2014 Short description of the content of the legislation/ regulation/guideline: South Africa cooperates fully with international institutions, such as the Financial Stability Board, and awaits any further guidance on issues relating to the regulation of cross-border institutions and groups. Web-links to relevant documents:	Planned actions (if any): On-going Expected commencement date: Web-links to relevant documents:





Enhancing counterparty risk management and strengthen their existing guidance on the management of exposures to leveraged and set limits for single counterparty exposures. (Condon) Supervisors will strengthen their existing guidance on the management of exposures to leveraged and set limits for single counterparty exposures. (Rec. II.17,FSF 2008) Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008) Supervisors should require that institutions with Highly Leveraged Institutions (Ian 1999) Banks' Interactions with Highly Leveraged Institutions (Ian 1990) Banks' Interactions with Highly Leveraged Institutions with exposures to hedge funds are required to manage such exposures in line with sound risk management of exposures to head to the supervisor, banking legislation provides sufficient powers for the bank regulator to obtain information relating to such exposures whenever it is deemed
necessary. However, as noted above, South Africa is in the process of finalising a hedge fund framework that will try to capture and strengthen the regulation of hedge fund counterparty



FSB FINANCIAL STABILITY 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	
				ftp://ftp.fsb.co.za/public/pension/Part1ga zette.pdf	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	Securitisation				
5 (7)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012) including	Applicable but no action envisaged at the moment If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: During 2008 a detailed review of the	Planned actions (if any): South Africa is continuously monitoring compliance. Expected commencement date:
(8)		The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London)	 justification for any exemptions to IOSCO requirements; and BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf 	Bank securitisation schemes was undertaken to enable a clear understanding of the risks. Not only is the local securitisation market relatively small, but the issue of derivatives based on ABS products is virtually non-existent.	Web-links to relevant documents:
		Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)		Issue is being addressed through: □ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: In 2012, a requirement was placed on banks for information to be included in applications in terms of the Securitisation notice. Status of progress: [No response] Short description of the content of the legislation/ regulation/guideline: In addition from January 2012, 'resecuritisation' was carved out from	

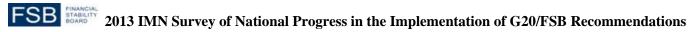


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				securitisation in terms of both regulatory	
				treatment and data returns, in recognition	
				of the different inherent risks in each, in	
				line with BCBS capital requirements.	
				The level of dependence on	
				securitisation, for funding purposes, by	
				South African banks is very low and the	
				assets securitised have been through the	
				same credit vetting process used by the	
				banks for their on balance sheet	
				exposures as no "originate to securitise"	
				model exists currently in South Africa.	
				This issue will continue to be monitored	
				as applications for new securitisation	
				vehicles are received. Capital Markets:	
				The South African Financial Services	
				Boards (SA FSB) has benchmarked the	
				JSE's listing requirements against the	
				recommendations of the IOSCO Report	
				on Global Developments in Securisation	
				Regulation (2012). Preliminary findings	
				have been identified and SA FSB will	
				engage with the JSE to address the gaps.	
				Web-links to relevant documents:	
				The Securitisation notice is available on	
				http://www.resbank.co.za/Lists/News%2	
				0and%20Publications/Attachments/4944/	
				D1%20of%202012.pdf	



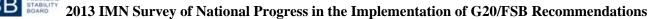
FSB STABILITY 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6	Strengthening of	Insurance supervisors should strengthen	Jurisdictions should indicate the policy	Not applicable	Planned actions (if any):
(9)	regulatory and capital framework for monolines	the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	measures taken for strengthening the regulatory and capital framework for monolines.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
			See, for reference, the following principles issued by IAIS:	There are no monolines insurers operating in South Africa.	Web-links to relevant documents:
			ICP 13 – Reinsurance and Other Forms of Risk Transfer	Issue is being addressed through: ☐ Primary / Secondary legislation	
			• <u>ICP 15</u> – Investments, and	☐ Regulation /Guidelines	
			• <u>ICP 17</u> - Capital Adequacy.	Other actions (such as supervisory actions), please specify:	
			Jurisdictions may also refer to the	Status of progress :	
			IAIS <u>Guidance paper on enterprise</u> risk management for capital adequacy	[No response]	
			and solvency purposes (Oct 2008).	Short description of the content of the legislation/regulation/guideline:	
				Web-links to relevant documents:	



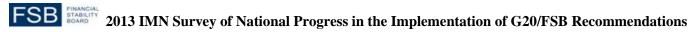


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Remarks Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013). Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: South African authorities continue to closely monitor the development of complex financial products. The envisaged new Market Conduct regulator will take an active interest in this area as part of the mandate to protect consumers and also to contribute towards financial stability. Status of progress: Draft in preparation, expected publication by: SAM will be implemented on Jan 2016 Short description of the content of the legislation/ regulation/guideline: The existing requirements for insurers that originate or invest in structured products are sufficiently robust, but will be reconsidered in developing the new	Planned actions (if any): The FSB will continue with the initiatives highlighted in the previous column and is continuously monitoring compliance with existing requirements. South Africa is continuously monitoring the compliance. Expected commencement date: Web-links to relevant documents:



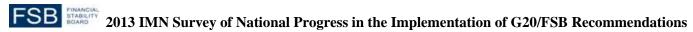
FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				relate to limitations on the type and	
				spreading of assets, limitations on	
				derivatives trading, parameters for the	
				valuation of group undertakings and	
				capital requirements that requires the	
				consideration of market and credit risk.	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 8 (11)	Enhanced disclosure of securitised products	G20/FSB Recommendations Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Remarks Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).	Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: Primary / Secondary legislation Regulation /Guidelines Other actions (such as supervisory actions), please specify: The Financial Services Board, South Africa's non-bank financial regulator — has implemented a process to strengthen the reporting of information on securitised products and underlying assets as well as improved disclosure of all complex financial products. Status of progress: Draft in preparation, expected publication by: Ongoing Short description of the content of the legislation/ regulation/guideline: As part of its implementation of a new outcomes based market conduct regulatory framework entitled "Treating Customers Fairly", the Financial Services Board has set up a multi-stakeholder task group to review product disclosure	Next steps Planned actions (if any): New regulations may be required to enforce the matter and will be developed to this end as part of the move to a twin peaks approach. Expected commencement date: Web-links to relevant documents:





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				recommendations included in the IOSCO	
				Report on Principles for On-going	
				Disclosure for Assets backed securities	
				(Nov) 2012, the South African Financial	
				Service Board has benchmarked the JSE	
				listing requirement to the	
				recommendations Preliminary findings	
				have been identified and the SA FSB will	
				engage with the JSE to address gaps.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV.	Enhancing supervision	1			
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs. ² See, for reference, the following documents: Joint Forum: • Principles for the supervision of financial conglomerates (Sep 2012) BCBS: • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) IAIS: ICP 23 – Group wide supervision FSB: • Framework for addressing SIFIs (Nov 2011)	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: As part of risk management, South African regulators are enlarging the scope of regulation to take into account the systemic risks. The move towards a twin peaks approach to financial regulation (latest progress outlined in our document Implementing a twin peak model of financial regulation in SA) has also set out a range of proposals to broaden the scope of regulation appropriately. Status of progress: Reform effective (completed) as of: Regulations relating to Basel III were effective since 1 January 2013.	Planned actions (if any): On-going monitoring of international developments of appropriate standards of measurements. Insurance: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: The Twin peaks regulations are expected to commence from 1 April 2014. SAM as mentioned on previous columns will be implemented on January 2016. Web-links to relevant documents:

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

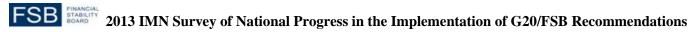


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	-			legislation/ regulation/guideline:	
				Banks The bank supervisor applies	
				consolidated supervision processes as	
				prescribed by the Core Principles and the	
				Basel II, II.5 and III framework.	
				Insurance: The SA FSB currently	
				requests insurance groups which may be	
				of systemic importance to submit	
				quarterly unaudited returns on a group	
				wide basis. The legislation provides the	
				FSB with the power to request whatever	
				information is required in this regard. The	
				SA FSB is further refining the reporting	
				requirements for insurance groups. The	
				SA FSB and the South African Reserve	
				Bank's Bank Supervision Department	
				(BSD) have made a clear distinction in	
				respect of the respective responsibilities	
				for group wide supervision – in particular	
				those financial conglomerates for which	
				the BSD is the lead regulator and those	
				for which the SA FSB is the lead	
				regulator. Information and findings are	
				also shared on a regular basis and formal	
				meetings between the respective	
				executives take place quarterly. The SA	
				FSB and the BSD have also established	
				"supervisory colleges" to discuss the	
				results and concerns around those	
				identified groups. The SA FSB also	
				participates in a number of foreign	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				supervisory colleges. The supervisory	
				powers of the SA FSB will also be further	
				enhanced by the legislative proposals	
				submitted to the National Treasury which	
				aligns the South African insurance	
				legislation with the Insurance Core	
				Principles (ICPs) of the International	
				Association of Insurance Supervisors as	
				adopted in October 2011 and to specially	
				address areas for improvement of the	
				legislative framework highlighted in the	
				IMF/World Bank assessment of South	
				Africa's compliance with ICPs in March	
				2010. These proposals, amongst others,	
				provide for measures on governance, risk	
				management, internal controls and group	
				supervision. The proposals further	
				include a clear definition of an insurance	
				group and the approach to calculating the	
				financial condition of the group. As the	
				proposed legislative proposals will be	
				incorporated into the current insurance	
				legislation, the same remedial action that	
				can be taken against a solo entity will	
				also apply to an insurance group. These	
				proposals will also be further enhanced in	
				the legislation that will give effect to the	
				Solvency Assessment and Management	
				(SAM) project in 2016.	
				Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.treasury.gov.za/documents/na	
				tional%20budget/2011/A%20safer%20fin	
				ancial%20sector%20to%20serve%20Sout	
				h%20Africa%20better.pdf	
				http://www.treasury.gov.za/comm_media	
				/press/2013/2013020102%20-	
				%20Twin%20Peaks%2001%20Feb%202	
				013.pdf	



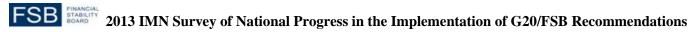


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10	Establishing	To establish the remaining supervisory	Reporting in this area should be	Implementation ongoing or completed	Planned actions (if any):
(13)	supervisory colleges and conducting risk assessments	colleges for significant cross-border firms by June 2009. (London)	undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	South Africa is closely monitoring any international developments.
			remaining supervisory colleges and	Issue is being addressed through:	Expected commencement date:
(14)		We agreed to conduct rigorous risk	conducting risk assessments.	☐ Primary / Secondary legislation	The FSB will continue with the initiatives
(14)		assessment on these firms through	See, for reference, the following	☐ Regulation /Guidelines	highlighted in the previous column.
		international supervisory colleges	documents:	☑ Other actions (such as supervisory	
		(Seoul)	BCBS:	actions), please specify: Please refer to the response in question 9	Web-links to relevant documents:
			• Good practice principles on	(12) read with question 1. The	
			supervisory colleges (Oct 2010)	implementation of the insurance group's	
			Report and recommendations on cross- border bank resolution (Mar 2010)	legislative requirements in 2014 will require that the FSB establish and host	
			IOSCO:	supervisory colleges where it will be the lead supervisor of the group. In respect	
			• <u>Principles Regarding Cross-Border</u> <u>Supervisory Cooperation (May 2010)</u>	of the significant cross border groups the FSB is not the lead supervisor, the FSB	
			IAIS:	has participated in the supervisory colleges that were established. South	
			• ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of	African bank supervisors participate where required in international core	
			supervisory collegesGuidance 25.6.20 and 25.8.16 on	supervisory groups as well as where South Africa is specifically invited to	
			risk assessments by supervisory	attend. From a domestic perspective, South Africa has a number of institution	
			<u>colleges</u>	specific bilateral meetings with	
				regulators of countries where South	
				African banks have a presence and vice	

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

FSB	FINANCIAL STABILITY BOARD
-----	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				versa.	
				Status of progress:	
				Draft in preparation, expected publication by: The implementation of the insurance group's legislative requirements in 2014 will require that the FSB establish and host supervisory colleges where it will be the lead supervisor of the group.	
				Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	

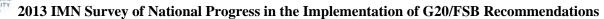




Supervisory exchange of information and coordination	To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7, FSF 2008)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the <u>October 2006</u> Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the <u>September 2012</u> BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through:	Planned actions (if any): South Africa is closely monitoring any international developments. The establishment of the Council for Financial Regulators. The FSB will continue with
	across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels.	assessments on the <u>October 2006</u> Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the <u>September 2012</u> BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host	no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through:	international developments. The establishment of the Council for Financial Regulators. The FSB will continue with
		relationships). Jurisdictions should also	✓ Primary / Secondary legislation✓ Regulation /Guidelines	the initiatives highlighted in the previous column.
		indicate any steps taken since the last assessment in this area, particularly in	☑ Other actions (such as supervisory actions), please specify:	Expected commencement date:
		response to relevant FSAP/ROSC recommendations.	South Africa fully cooperates with all international initiatives on coordination through the Financial Stability Board,	Web-links to relevant documents:
	Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	OECD, FATF, IMF, World Bank, IOSCO, IAIS, IOPS, and similar bodies. The South African non-bank regulator has also signed the Multilateral Memoranda of Understanding (e.g. IOSCO) and concluded bilateral MoUs with other domestic regulators for the exchange of information and the enhancement of cooperation between regulators. IOSCO and IAIS have formed task groups mandated to look specifically into the issue of supervisory cooperation by securities regulators. In a similar fashion, the bank supervisor has entered into numerous MoU's with other jurisdictions' regulators. A complete	
			of supervisory information within core colleges (e.g. bilateral or multilateral	of supervisory information within core colleges (e.g. bilateral or multilateral MoUs). MoUs). has also signed the Multilateral Memoranda of Understanding (e.g. IOSCO) and concluded bilateral MoUs with other domestic regulators for the exchange of information and the enhancement of cooperation between regulators. IOSCO and IAIS have formed task groups mandated to look specifically into the issue of supervisory cooperation by securities regulators. In a similar fashion, the bank supervisor has entered into numerous MoU's with other

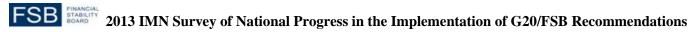


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				twin peaks implementation process, establish the Council for Financial Regulators which will focus on ensuring appropriate regulatory and supervisory co-ordination between domestic financial regulators.	
				Status of progress :	
				Draft published as of: The Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation, further enhances the general information sharing provisions in existing legislation	
				Short description of the content of the legislation/ regulation/guideline:	
				Memoranda of Understanding of IOSCO, applied to become a signatory to the IAIS Multilateral Memoranda of Understanding. Insurance: The South African Financial Services Board participated in the IAIS Self-Assessment And Peer Review on ICPS 1,2 and 23 and submitted the report to the FSB in July 2012. The Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation, further enhances the	
				general information sharing provisions in existing legislation. The South African Financial Service Board (SA FSB) has	



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				submitted legislative proposals to the	
				National Treasury to further enhance	
				insurance legislation in respect of	
				information sharing and cooperation with	
				other regulators.	
				Web-links to relevant documents:	
				http://ntintranet/legislation/bills/2012/FS	
				L/	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12	Strengthening resources	We agreed that supervisors should have	Jurisdictions should provide any feedback	Implementation ongoing or completed	Planned actions (if any):
(16)	and effective supervision	strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	received from recent FSAPs/ROSC assessments on the <u>October 2006</u> BCPs 1 and 23 or, if more recent, the <u>September 2012</u> BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory	A discussion document was released "Implementing a twin peaks model of financial regulation in SA" on the 1 February 2013 for public comments expanding the scope of regulation. Insurance: The FSB will continue with the initiatives highlighted in the previous column. In preparation for the
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)		actions), please specify: IOSCO has recently revised its Principles for Securities regulation to provide for, amongst others, the effectiveness of regulatory oversight and supervision and the involvement of securities regulators in systemic risk monitoring, management	implementation of the twin peaks model, the Financial Services Board of SA (which will become a dedicated market conduct regulator) has commenced a review of its supervisory framework for conduct of business supervision, including an assessment of the
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	and mitigation. The IOSCO Methodology for assessment of implementation of these principles has been developed by IOSCO. South Africa is in the process of conducting a self- assessment to monitor and ensure compliance with the 8 new Principles. FSAP's conducted on the bank supervisor's compliance with Core Principles indicate that South Africa is in most instances fully compliant with the prescribed legal powers. Twin peaks	supervisory tools and resources required and a review of the current risk-based supervisory approach in view of the future market conduct supervision mandate. Expected commencement date: Web-links to relevant documents:
				reform process includes the development of new legislation to refine the mandates of the stability, prudential and market	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				conduct supervisors respectively. The	
				South African Financial Services Board	
				has submitted legislative proposals to the	
				National Treasury shortly to align the	
				South African insurance legislation with	
				the Insurance Core Principles (ICPs) of	
				the International Association of	
				Insurance Supervisors (IAIS) as adopted	
				in October 2011 and, to specifically,	
				address areas for improvement of the	
				legislative framework highlighted in the	
				IMF / World Bank assessment of South	
				Africa's compliance with the ICPs in	
				March 2010. These proposals primarily	
				address measures on governance, risk	
				management, internal controls and group	
				supervision. The South African Financial	
				Services Board annually assesses the	
				skills and resources required to conduct	
				its supervisory activities effectively and	
				efficiently. During 2012 and 2013 the	
				insurance supervisory resources was	
				restructured and significantly increased.	
				Status of progress :	
				Reform effective (completed) as of:	
				Short description of the content of the legislation/ regulation/guideline:	
				Insurance: South Africa has recently	
				participated in the IAIS self-assessment	
				and peer review exercise on ICPs 1 and 2:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Mandate and Supervisory Powers. The	
				initial assessment has shown that these	
				ICPs are largely observed. The legislative	
				initiatives referred to under question 1	
				will ensure full alignment with the ICPs.	
				In addition to these initiatives, the FSB	
				has introduced a prudential risk based	
				supervisory framework. This framework	
				informs the risk assessment of and level	
				of intervention in each registered insurer.	
				The FSB has also, in 2011, introduced	
				prescribed market and insurance stress	
				testing requirements for insurers. All the	
				major insurers in the market (top 5 long-	
				and short-term insurance companies) are	
				required on a bi-annual basis to provide	
				the FSB with the results of the market	
				stresses. All other registered insurers are	
				required to on an annual basis submit the	
				results of the prescribed market and	
				insurance stress testing requirements.	
				IAIS is reviewing its ICP9 (the Core	
				Principle and Standards regarding	
				Supervision of insurers) and South Africa	
				is participating in the review process and	
				will aim for ongoing compliance. In	
				addition to these initiatives, the FSB has	
				introduced a prudential risk based	
				supervisory framework. This framework	
				informs the risk assessment of and level	
				of intervention in each registered insurer.	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				The FSB has also, in 2011, introduced	
				prescribed market and insurance stress	
				testing requirements for insurers. All the	
				major insurers in the market (top 5 long-	
				and short-term insurance companies) are	
				required on a bi-annual basis to provide	
				the FSB with the results of the market	
				stresses. All other registered insurers are	
				required to on an annual basis submit the	
				results of the prescribed market and	
				insurance stress testing requirements.	
				IAIS is reviewing its ICP9 (the Core	
				Principle and Standards regarding	
				Supervision of insurers) and South Africa	
				is participating in the review process and	
				will aim for ongoing compliance.	
				Web-links to relevant documents:	

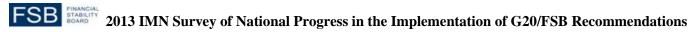


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	Building and implemen	nting macroprudential frameworks an	d tools		
13	Establishing regulatory	Amend our regulatory systems to ensure	Please describe the systems,	Implementation ongoing or completed	Planned actions (if any):
(18)	framework for macro- prudential oversight	authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess	methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:	A regulators roundtable was formed in 2008 to improve regulatory coordination. Government is considering a proposal to formalise the roundtable into a Council of Financial Regulators. Insurance: The SA FSB has made an application to become a signatory to the IAIS MMoU in January 2013.
		the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	information among different authorities — where this applies — on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	South Africa is currently reviewing legislation on information gathering. The preliminary outcome of the review indicates that the Banking Supervisor has sufficient powers to gather relevant information. However, legislation compels the Supervisor to keep this information confidential, as it should be. Consideration is being given to whether or not these powers should be extended to other regulators, or if the information sharing responsibilities of the supervisor should be increased, under certain circumstances. The Financial Services Board can request any information from its regulated entities. In respect of	Expected commencement date: Web-links to relevant documents:

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			securities, any operational risks that may	
				cause a systemic risk will be addressed	
				by the Financial Sector Contingency	
				Forum (FSCF). This is a forum that is	
				represented by, amongst others, the SA	
				Reserve Bank, Financial Services Board	
				and the SROs. The Financial Stability	
				Oversight Committee also plays a major	
				role in coordinating financial stability	
				related issues. This is an interagency	
				Committee comprising of the SARB,	
				FSB, and SA National Treasury. The FSB	
				has wide powers to secure and share	
				information. South Africa has also	
				recently participated in the IAIS self-	
				assessment and peer review exercise on	
				ICPs 1 And 2: Mandate and Supervisory	
				Powers. The initial assessment has	
				shown that these ICPs are largely	
				observed.	
				Status of progress :	
				Draft in preparation, expected	
				publication by : Ongoing	
				Short description of the content of the legislation/regulation/guideline:	
				Web-links to relevant documents:	
				See section 22 of the Financial Services	
				Board Act, 1990 at	
				http://www.fsb.co.za/legislation	





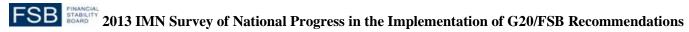
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 14 (20)	Description Enhancing system-wide monitoring and the use of macro-prudential instruments	Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level(Rec. 3.1, FSF 2009) We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on <i>Operationalising the selection and application of macroprudential instruments</i> (<i>Dec</i> 2012). Jurisdictions can also refer to the FSB-	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: South African banks' leverage ratios are well within the prescribed Basel III requirements. South African authorities are undertaking work on its legislative framework to address leverage ratios and capital requirements, in line with BCBS proposals. The Financial Stability Unit of the Bank Supervision Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential tools to analyse the financial services sector. Improvement of	Next steps Planned actions (if any): South Africa is awaiting any further guidance from the BCBS and the Financial Stability Board Expected commencement date: Web-links to relevant documents:
(21)		3	and apply them. See, for reference, the CGFS document on <i>Operationalising the selection and application of macroprudential instruments</i> (Dec 2012).	capital requirements, in line with BCBS proposals. The Financial Stability Unit of the Bank Supervision Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential tools to analyse the	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				investigating ways to regulate OTC	
				derivatives. To this end, a number of	
				provisions have been enabled in the	
				Financial Markets Act. Further, a	
				Working Group consisting of SARB,	
				BASA, NT, JSE, FSB has agreed to a	
				phased approach and has drafted a	
				consultative paper for Phase 1 to seek	
				market participants' views in this regard.	
				Phase 1 is at an advance stage at this	
				point.	
				Status of progress :	
				Draft in preparation, expected	
				publication by : on-going	
				Short description of the content of the legislation/regulation/guideline:	
				The Financial Stability Unit of the Bank	
				Supervision Department of the South	
				African Reserve Bank uses quantitative	
				indicators as part of its macroprudential	
				tools to analyse the financial services	
				sector. Improvement of the existing tools	
				and the development of new ones are	
				ongoing. The South African Reserve	
				Bank has also elevated its Financial	
				Stability Committee to a level	
				commensurate with the Monetary Policy	
				Committee, to facilitate the	
				implementation of macroprudential	
				policy tools. The National Treasury and	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial Services Board are currently	
				investigating ways to regulate OTC	
				derivatives. To this end, a number of	
				provisions have been enabled in the	
				Financial Markets Act. Further, a	
				Working Group consisting of SARB,	
				BASA, NT, JSE, FSB has agreed to a	
				phased approach and has drafted a	
				consultative paper for Phase 1 to seek	
				market participants' views in this regard.	
				Phase 1 is at an advance stage at this	
				point. In the meantime the Pensions	
				department at the FSB in consultation	
				with National Treasury has drafted	
				guidelines for retirement funds regarding	
				the use of derivatives under Regulation	
				28. The guideline is in the form of a draft	
				Notice to Regulation 28 that will be	
				issued for public comment	
				Web-links to relevant documents:	



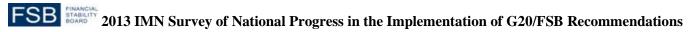


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors	Supervisors and central banks should improve cooperation and the exchange of	Jurisdictions can make reference to the following BCBS documents:	Applicable but no action envisaged at the moment	Planned actions (if any):
(22)	and central banks	information including in the assessment of financial stability risks. The exchange of information should be rapid during	• Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		periods of market strain. (Rec. V.8, FSF	• Good Practice Principles on	The FSB and the South African Reserve	Web-links to relevant documents:
		2008)	Supervisory Colleges (Oct 2010)	Bank's Bank Supervision Department	
			(Principles 2, 3 and 4 in particular)	(BSD) have made a clear distinction in	
				respect of the respective responsibilities	
				for group wide supervision – in particular	
				those financial conglomerates for which	
				the BSD is the lead regulator and those	
				for which the FSB is the lead regulator.	
				Information and findings are also shared	
				on a regular basis and formal meetings between the respective executives take	
				place quarterly. The FSB and the BSD	
				have also established "supervisory	
				colleges" to discuss the results and	
				concerns around those identified groups	
				under insurance	
				Issue is being addressed through:	
				☐ Primary / Secondary legislation	
				✓ Regulation /Guidelines	
				Other actions (such as supervisory actions), please specify:	
				Status of progress :	
				Reform effective (completed) as of: The	
				FSB and the South African Reserve	
				Bank's Bank Supervision Department	
				(BSD) have made a clear distinction in	



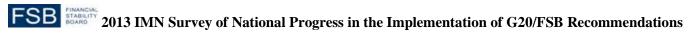
ABILITY ARD
,

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				respect of the respective responsibilities	
				for group wide supervision – in particular	
				those financial conglomerates for which	
				the BSD is the lead regulator and those	
				for which the FSB is the lead regulator.	
				Information and findings are also shared	
				on a regular basis and formal meetings	
				between the respective executives take	
				place quarterly. The FSB and the BSD	
				have also established "supervisory	
				colleges" to discuss the results and	
				concerns around those identified groups.	
				Short description of the content of the legislation/regulation/guideline:	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	Improving oversight o	f credit rating agencies (CRAs)			
16 (23) (24)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London) National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs;	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: In the absence of Legislation in place no supervisory actions have been taken to date. Status of progress:	Planned actions (if any): Applications for Registration by Credit Rating Agencies commenced on 1 August 2013. The Registration process is expected to be completed by 30 November 2013. The date that credit ratings may be issued by registered credit rating agencies only, the so called section 3(2) of the Act date, coming in to effect is 17December 2013. Expected commencement date:
(25)		disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	 Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003); and Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012). 	Reform effective (completed) as of: The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013. Short description of the content of the legislation/regulation/guideline: The draft subordinate legislation relating to the Act was published for public comment on 15 March 2013. The	Web-links to relevant documents: www.fsb.co.za, Credit Rating Services, legislation.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				subordinate legislation is expected to be	
				finalised by 30 June 2013. CREDIT	
				RATING AGENCIES: The Credit Rating	
				Services Act, Act No. 24 of 2012, was	
				accepted by Parliament and assented to	
				by the President of The Republic of South	
				Africa on 9 January 2013 and came into	
				effect on 15 April 2013. A phased in	
				period, after which no person may	
				perform credit rating services unless such	
				person is registered in terms of the Act,	
				will run to 17 December 2013. A new	
				department has been set up in the	
				Financial Services Board. The department	
				was established on 1 April 2013 and is	
				mandated to oversee the implementation	
				of the Credit Rating Services Act, 24 of	
				2012, and to supervise and regulate the	
				registered credit rating agencies going	
				forward. The Credit Rating Services Act	
				is the regulatory framework for credit	
				rating services, providing for: I. the	
				registration of credit rating agencies; II.	
				the control of certain activities of credit	
				rating agencies; III. conditions for the	
				issuance of credit ratings; IV. rules on	
				the organisation and conduct of credit	
				rating agencies, and for matters	
				connected herewith. The Act has taken	
				into account, • Code of Conduct	
				Fundamentals for Credit Rating Agencies	
				(May 2008) • Principle 22 of Principles	
				and Objectives of Securities Regulation	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(Jun 2010) which calls for registration	
				and oversight programs for CRAs; •	
				Statement of Principles Regarding the	
				Activities of Credit Rating Agencies (Sep	
				2003); and Credit Rating Agencies:	
				Internal Controls Designed to Ensure the	
				Integrity of the Credit Rating Process and	
				Procedures to Manage Conflicts of	
				Interest (Dec 2012). The Bill creates an	
				oversight regime in which all persons	
				performing credit rating services are	
				required to be registered. It does not	
				however create an obligation for all	
				securities or instruments to be rated. The	
				Bill further allows for the suspension or	
				deregistration of CRAs who fall foul of	
				the Bill. The Bill promotes investor	
				protection by: requiring that ratings are	
				defined, reviewed and updated in a timely	
				and non-selective manner; requiring that	
				a CRA establish a function within its	
				organisation to communicate with	
				investors and the public with respect to	
				questions, concerns and complaints;	
				putting in place appropriate requirements	
				for the disclosure of information to	
				regulators and the market regarding	
				ratings, specifically attributes and	
				limitations of the rating and key elements	
				of methodology. In particular, the Bill	
				compels CRAs to differentiate ratings for	
				structured products and provide full	
				disclosure of their ratings track-record	
				disclosure of their rathigs track-record	

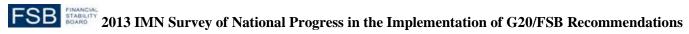


ABILITY ARD
,

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and the information and assumptions that	
				underpin the ratings process; requiring	
				the preparation, submission and	
				publication of audited annual financial	
				statements; allowing for the registrar of	
				credit rating agencies to enforce	
				compliance and require changes to a	
				rating agency's practices and procedures	
				for managing conflicts of interest, as well	
				as to take steps considered necessary to	
				protect investors in their dealings with	
				CRAs. The Bill also empowers the	
				registrar to conduct on-site inspections,	
				the details of which are required to be	
				published if in the public interest The Bill	
				also aims at promoting the integrity,	
				transparency and accountability but also	
				the independence of the credit rating	
				industry.	
				Web-links to relevant documents:	
				www.fsb.co.za, Credit Rating Services,	
				legislation.	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul) Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)	Remarks No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.	Progress to date	Next steps





VII. Enhancing and aligning accounting standards Regulators, supervisors, and accounting of high-quality accounting standards Regulators, supervisors, and accounting standards that they follow and work with each other and the private sector on an ongoing basis to ensure Regulators, supervisors, and accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as selected, please provide justification:	"Applicable but Montoring of compliance is on-going.
of high-quality accounting standards standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure of high-quality accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as Implementation ongoing the follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as	"Applicable but Montoring of compliance is on-going.
consistent application and enforcement of high-quality accounting standards. (Washington) published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards. Primary / Secondar Primary / Sec	Expected commencement date: d through: y legislation ines as supervisory cify: bleted) as of: The blemented. de content of the guideline: e requirements ca: 1. In terms of ic interest entities (as issued by the n explicit listings companies to sued by the compliance on nent for listing g with IFRS: 1. ed company must and accredited



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Exchange (JSE) implemented a system of	
				proactive monitoring of AFS to ensure	
				compliance with IFRS. Through this	
				process the AFS of every listed company	
				will be reviewed at least once every 5	
				years. Therefore through this process we	
				are also checking for the consistent	
				application of IFRS. To date about 40%	
				of the AFS of listed companies have been	
				reviewed. 4. Wherever the JSE finds	
				material problems with the application of	
				IFRS by a listed company they would	
				refer the auditor of that company to the	
				IRBA for their separate consideration of	
				his / her conduct 5. The JSE also issues a	
				report annually of their findings from the	
				proactive monitoring process with a view	
				to that information being used inter alia	
				by other SA regulators in their own	
				activities (i.e. in that it highlights the	
				problems in IFRS they have been	
				finding). The JSE also recently gave a	
				seminar (through South African Institute	
				of Chartered Accountants (SAICA) on	
				these findings 6.As it relates to ensuring	
				consistent application across jurisdictions	
				JSE is in the process of establishing	
				formal links with other IFRS regulators	
				through IOSCO (A process that is	
				envisaged to be completed by April	
				2013) The JSE hopes through this process	
				that they will have inter-jurisdictional co-	
				operation /discuss across common issues	
				operation /discuss across common issues	



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

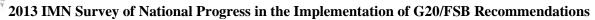
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				7.As it relates to a consistent	
				understanding of accounting standards,	
				JSE sits on the technical accounting body	
				with SAICA, the Accounting Practices	
				Committee (APC). Through this process	
				JSE comments on proposed changes to	
				IFRS, but would also discuss any issues	
				within the standard that appear to lack	
				clarity. These discussions take place with	
				the view to making requests to the IASB	
				to change the standards/ issue	
				interpretations. As part of that process	
				agenda request items are circulated to the	
				national standard setters for their	
				comments (i.e. to determine if they have a	
				similar concern). If a matter is found to	
				be a local issue only, historically the	
				Accounting Practice Board (APB) would	
				issue a local interpretation.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19	Appropriate application	Accounting standard setters and	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
(28)	of Fair Value Accounting	prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)	measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • Basel 2.5 standards on prudent valuation (Jul 2009)	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☐ Regulation / Guidelines	As we receive guidance from international standard setters, we will amend guidance for firms on accounting standards. Insurance: The FSB will continue with the initiatives highlighted. South Africa is continuously monitoring any updates to international standards to
(29)		Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that	Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)	☑ Other actions (such as supervisory actions), please specify: Awaiting guidance from accounting standard setters on the desired approach to relevant accounting standards. Banking groups, in terms of banking legislation, are obliged to comply with the Basel 2 Pillar 3 disclosure requirements.	which it is a signatory and will amend legislation as and when required. South Africa was peer-reviewed by the Financial Stability Board in 2012 and a document was published. Expected commencement date:
	the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)	the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF	Status of progress: Draft in preparation, expected publication by: Ongoing Short description of the content of the legislation/regulation/guideline: Insurance: All insurers must comply with IFRS, however, specific statutory requirements apply to enhance prudential supervision. The current legislation provides for various requirements to dampen adverse dynamics potentially associated with fair value accounting. These includes: • Limitations on inadmissible assets; • Valuation	Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				requirements relating to investments in	
				group undertakings that are based on net	
				asset value; and • Spreading	
				requirements on investments held. The	
				existing requirements for insurers are	
				therefore sufficiently robust, but will be	
				reconsidered in developing the new the	
				Solvency Assessment and Management	
				regime (see details under question 1).	
				South Africa is a signatory to all relevant	
				conventions and standards. Remaining	
				ROSCs from the 2008 FSAP were	
				completed in 2010 and South Africa was	
				found to be fully/largely compliant with	
				most standards. The results of the ROSCs	
				have been forwarded to the Financial	
				Stability Board. South Africa underwent	
				its second FATF assessment in 2008. The	
				report was released in February 2009 and	
				found that South Africa fully complied	
				with 12 out of the 16 core and key FATF	
				40 + 9 Recommendations. The remaining	
				ROSCs of the 2008 IMF-led FSAP have	
				been completed in 2010 Retirement fund	
				Retirement funds regulator recently	
				underwent a benchmarking/peer review	
				against International Organisation of	
				Pensions Supervisors principles as part of	
				the harmonisation project of the	
				Committee of Insurance, Securities and	
				non-banking Financial Authorities	
				(CISNA, a subcommittee of the South	
				African Development Community) for	



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				retirement funds.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	Enhancing risk manag	ement			
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington) National supervisors should closely check	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's <u>Principles for the supervision of financial conglomerates (Sep 2012)</u> and the following BCBS documents: <u>Principles for effective risk data aggregation and risk reporting (Jan</u>	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory	Planned actions (if any): As part of the Twin peaks regulatory reform process, conglomerate supervision is to be introduced as a financial stability function. Expected commencement date:
(34)		banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008) Regulators and supervisors in emerging	 aggregation and risk reporting (3an 2013) The Liquidity Coverage Ratio (LCR) (Jan 2013) Principles for the sound management of operational risk (Jun 2011) Principles for sound stress testing practices and supervision (May 2009) Jurisdictions may also refer to FSB's 	actions), please specify: Status of progress: Reform effective (completed) as of: Regulations relating to Basel III were effective since 1 January 2013 Short description of the content of the legislation/ regulation/guideline: South African authorities engages with banks and other regulated financial	Web-links to relevant documents:
(35)		markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	February 2013 <u>thematic peer review</u> report on risk governance.	institutions on an ongoing basis to ensure that their risk management practices are progressive and appropriate. South Africa has implemented the BCBS's 29 Core Principles for Effective Banking Supervision as well as the Basel 2 framework and Basel III. In a similar vein, compliance by the non-bank regulator with their respective Core Principles and Principles are at an	

⁴ Only the emerging market jurisdictions may respond to this recommendation.



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

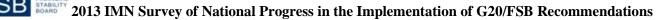
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				acceptable level. The South African	
				Reserve Bank (SARB) has introduced a	
				Committed Liquidity Facility to assist	
				banks in meeting the Liquidity Coverage	
				Ratio (LCR). Regular on-site assessments	
				of banks' liquidity management practices,	
				models, appetite, policies, procedures,	
				monitoring and planning take place as	
				frequently as resources permits. A joint	
				task team has between the bank regulator	
				and non-banking regulator has been	
				established to consider the principles of	
				conglomerates supervision. The stress	
				testing exercises were conducted in 2012	
				for the larger banks taking into account	
				the domestic and international economic	
				scenarios.	
				Web-links to relevant documents:	
				www.resbank.co.za	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21	Efforts to deal with	Our efforts to deal with impaired assets	Jurisdictions should indicate steps	Implementation ongoing or completed	Planned actions (if any):
(36)	impaired assets and raise additional capital	and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	South Africa is continuously monitoring compliance. The introduction of Basel III capital regime has helped substantially.
			include here the amount of new equity	Issue is being addressed through:	
			raised by banks operating in their jurisdictions during 2012.	☑ Primary / Secondary legislation	Expected commencement date:
			Jurisdictions during 2012.	☑ Regulation /Guidelines	
				☐ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
				Status of progress :	
				Reform effective (completed) as of:	
				Regulations relating to Basel III were	
				effective since 1 January 2013.	
				Short description of the content of the legislation/ regulation/guideline:	
				South African banks are well capitalised	
				with a mandated capital adequacy ratio of 9.5 per cent (compared to international	
				minimum of 8 per cent) under the Basel	
				III regime. During the course of 2012,	
				banks raised capital in order to meet the	
				initial Basel III standards by January	
				2013. Ongoing assessments of banks' capital plans for the preiod of the Basel	
				III capital transition started in 2012 and	
				are conducted regularly.	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 22 (37)	Description Enhanced risk disclosures by financial institutions	G20/FSB Recommendations Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Remarks Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks.	Progress to date Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify: Insurance: As stated above, the FSB is introducing a new risk based capital regime (SAM). Under SAM, the Pillar 3 reporting and disclosure requirements will be enhanced in line with international best practices.	Next steps Planned actions (if any): South Africa is continuously monitoring compliance. Insurance: The FSB will continue with the initiatives highlighted. Expected commencement date: Web-links to relevant documents:
				Status of progress: Reform effective (completed) as of: Short description of the content of the	
				legislation/ regulation/guideline: Currently banks are required to report losses monthly, in line with the requirements of Basel II pillar 1, which are part of banking legislation. South Africa supports initiatives by the BCBS and elsewhere to improve the reporting standards. South Africa's listed financial institutions are fully compliant with International Financial Reporting Standards (IFRS). Banks are being encouraged to comply with the principles	



FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of the EDTF "Enhancing the Risk	
				Disclosure of Banks" document and their	
				progress it being assessed through	
				questionnaries and on-site visits to larger	
				banks. The principles will be	
				implemented in the doemstic regulatory	
				framework via guidances until it is fully	
				adopted by the Basel Committee on	
				Banking Supervision (BCBS).	
				Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	Strengthening deposit	insurance			
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 thematic peer review report on deposit insurance systems.	Applicable but no action envisaged at the moment If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Structure and legislation in preparation for implementating a national deposit insurance are under debate. Issue is being addressed through: Primary / Secondary legislation Regulation /Guidelines Other actions (such as supervisory actions), please specify: Status of progress: [No response] Short description of the content of the legislation/regulation/guideline: Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:

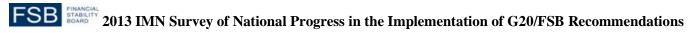


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	Safeguarding the integ	rity and efficiency of financial markets	S		
	•			Applicable but no action envisaged at the moment If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Capital Markets: An investigation was conducted by a consultant to establish whether High Frequency Trading (HFT) / Algorithm Trading / Co-location services & Day trading are adequately regulated using the IOSCO recommendations included in Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
				, ,	

South Africa



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Short description of the content of the legislation/ regulation/guideline:	
				Web-links to relevant documents:	



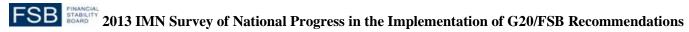


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25	Enhanced market	We need to ensure enhanced market	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
	-	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set exante position limits, particularly in the delivery month where appropriate, among		Implementation ongoing or completed If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by: The draft regulations for the OTC derivatives specify the	-
		other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	derivatives market.	requirements for authorization as OTC Derivatives providers and list the business conduct standards, code of conduct etc. for authorised participants. The regulations are expected by end 2013. Regulations mandated on central reporting will be effective by end 2013 and central clearing will be consulted on from mid 2014 Short description of the content of the legislation/ regulation/guideline: South Africa has made substantial progress of enhancing its regulation of capital markets with the enactment of the Financial Markets Act (the Act), which aims to address a number of regulatory gaps and lessons learnt from the global financial crisis. The Act provides the	

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			legislative framework that will enable	
				South African to implement its G20	
				commitments to reform the OTC	
				derivatives market, among which	
				provides for the reporting of transactions	
				to trade repositories. Section 58 of the	
				Act gives the Registrar of Securities	
				powers to prescribe reporting obligations	
				in respect of transactions or positions in	
				unlisted securities which must be reported	
				to a trade repository, subject to	
				regulations prescribed by the Minister.	
				Further, the JSE (the SRO for the futures	
				market in South Africa) has the authority	
				to impose rules that would enhance	
				market activity, including better	
				transparency. For instance, currently	
				speculative position limits are set on	
				white maize contracts in South Africa	
				(Rule 10.40 of the JSE rules). CAPITAL	
				MARKETS: The SA FSB has undertaken	
				a gap analysis in respect of compliance	
				with the IOSCO recommendations as	
				outlined in its report on the Principles for	
				the Regulation and Supervision of	
				Commodity Derivatives Markets (Sep	
				2011). The SA FSB is in discussion with	
				the JSE on actions to be taken to close	
				identified gaps.	
				Web-links to relevant documents:	
				Financial Markets Act, [No. 19 of 2012],	
				G 36121, 1 February 2013.	



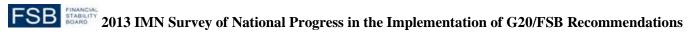


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely	Jurisdictions should indicate whether they have joined Regulatory Oversight	Applicable but no action envisaged at the moment	Planned actions (if any):
New		identifies parties to financial transactions. (Cannes)	Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	(LOO) in their jurisdiction.	Justification: South Africa does support the LEI initiative, and understands that work is underway to put up a global LEI system. South Africa has joined the Regulatory Oversight Committee. The Financial Services Board is the representative, and also participates in the ROC Executive Committee. SA supports the creation of global LEI and will encourage the use of LEIs through the central reporting of OTCs to trade repositories. Draft regulation requiring reporting of LEIs by counterparties to OTC derivatives trades will soon be published. SA LEI Steering Committee has been established to, inter alia, explore the possibility of setting up a Local Operating Unit. Discussions are on-going, and no final decision has been taken as to whether an LOU will be set up in South Africa. Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
				Status of progress :	

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

FSB	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Draft in preparation, expected	
				publication by: October 2013	
				Short description of the content of the legislation/regulation/guideline:	
				Not yet finalised	
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	Enhancing financial co	onsumer protection			
(41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011).	Implementation ongoing or completed If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification: Issue is being addressed through: □ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Status of progress: Draft in preparation, expected publication by:	Planned actions (if any): In preparation for the implementation of the twin peaks model, the Financial Services Board of SA (which will become a dedicated market conduct regulator) has commenced a review of its supervisory framework for conduct of business supervision. The new supervisory framework will specifically identify the tools, resources and approaches necessary to supervise the delivery of fair customer outcomes by regulated firms.
				Short description of the content of the legislation/ regulation/guideline: South Africa is moving to a "twin peaks" model of financial regulation. Within this model, the Financial Services Board (currently the market conduct and prudential supervisor of the non-banking sector) will be given a revised mandate as the dedicated market conduct regulator of the full financial services sector, including the banking sector. Coordination mechanisms between the market conduct regulator and the macroand microprudential regulatory authorities are being developed to ensure that the potential financial stability risks arising from market conduct issues are	TCF Regulatory Framework Steering Committee has commenced consultation on compulsory, standardised Key Information Documents at point of sale for all retail financial products, additional consumer disclosure requirements, and on enhanced requirements for consumer complaints handling and reporting, to be implements during 2014. TCF baseline study of a broad sample of regulated institutions has been carried out and findings will be reported on during 2013.In terms of consumer financial literacy. a national consumer financial education has been established to implement the national consumer



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				adequately identified, communicated and	financial education policy and finalise the
				mitigated. The market conduct	national consumer financial education
				regulator's regulatory and supervisory	strategy. In terms of consumer recourse
				frameworks are being developed to	the current ombud systems is under
				comply with the OECD consumer	review to develop recommendations to
				protection principles. IAIS ICP's 18 and	improve its efficiency and effectiveness.
				19 and other relevant international	
				standards. More specifically, the market	Expected commencement date:
				conduct regulator has already embarked	Expected commencement date.
				on an outcomes based market conduct	Full implementation of TCF framework
				and consumer protection regulatory	in 2014 – but subject to overall
				initiative entitled Treating Customers	implementation timelines of the twin
				Fairly (TCF). A multi-stakeholder	peaks regulatory reform process.
				steering committee has reviewed all	
				current consumer protection related	Web-links to relevant documents:
				legislation applicable to the financial	web-miks to relevant documents:
				services sector and is formulating	
				regulatory recommendations to close	
				identified gaps or inconsistencies in the	
				framework. A TCF self-assessment was	
				published in 2012 for use by regulated	
				financial institutions. Supervisory staff	
				have already commenced adopting TCF	
				principles in their supervisory ineractions	
				with regulated firms	
				In terms of consumer financial literacy. a	
				national consumer financial education has	
				been established to implement the	
				national consumer financial education	
				policy and finalise the national consumer	
				financial education strategy.	
				Web-links to relevant documents:	



Source of recommendations:

Los Cabos: The G20 Leaders Declaration (18-19 June 2012)

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)

Seoul: The Seoul Summit Document (11-12 November 2010)

Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)

Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)

London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)

Washington: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)

FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)

FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)

FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)

FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XIII. **List of Abbreviations used:**

AFS: Annual Financial Statements

APB: Accounting Practice Board

APC: Accounting Practice Committee

BASA: Banking Association South Africa

BCBS: Basel Committee on Banking Supervision

BSD: Bank Supervision Department

CISNA: Committee of Insurance, Securities and non banking Financial Authorities

CRA: Credit Rating Agencies

CRS: Credit Ratings Services

FAIS: Financial Advisory and Intermediary Services Act

FATF: Financial Action Task Force

FMB: Financial Markets Bill

FSCF: Financial Sector Contingency Forum

FSOC: Financial Stability Oversight Committee

IAIS: International Association of Insurance Supervisors

ICP: Insurance Core Principles

IMF: International Monetary Fund

IRBA: Independent Regulatory Board Auditors

JSE: Johannesburg Stock Exchange

MMoUs: Multilateral Memorandum of Understanding

NT: National Treasury

OECD: Organisation for Economic Co-operation and Development

ROSC: Reports on the Observance of standards and codes

SARB: South African Reserve Bank

SA FSB: Financial Services Board of South Africa SAM: Solvency Assessment and Management

SRO: Self-regulatory Organisation TCF: Treating Customers Fairly