Jurisdiction: South Africa

2014 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Refining the regulatory perimeter**				
1 (1) (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking[1]	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.[2] (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*.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 2013replacing 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	**Planned actions (if any):** Capital Markets 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. Insurance 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 micro insurance 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.

[1] Some authorities or market participants prefer to use other terms such as "market-based financing" instead of "shadow banking". The use of the term "shadow banking" is not intended to cast a pejorative tone on this system of credit intermediation. However, the FSB is using the term "shadow banking" as this is the most commonly employed and, in particular, has been used in the earlier G20 communications.

[2] 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.

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				(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. b. The South African Financial Service Board, in 2010, initiated the development of a new risk-based solvency regime for South African short-term and long-term insurers, known as the Solvency Assessment and Management regime (SAM), to align the South African insurance industry with international standards. SAM will be based on the Solvency II capital 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	**Expected commencement date:** SAM will be implementated on January 2016.The intention is to finalise the twin peaks legislation by end 2014 for implementation to take place in early 2015. **Web-links to relevant documents:** ftp.fsb.co.za/public/insurance/SAM http://www.fsb.co.za/insurance/latest developments http://www.fsb.co.za/capitalmarkets/legislation/fnancialmarketsact19of2012

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				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, 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	

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				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 Financial Sector Regulation Bill that gives effect to a twin peaks model of financial regulation will increase the scope of regulatory application to all financial sector product and service providers, and will provide for conduct and prudential standards to be applied on these entities and persons. A revised draft bill due Cabinet and public comment in Q3 of 2014. The draft regulations for the OTC Derivatives specify the requirements for authorisation as OTC Derivatives providers and list the 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.	

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				☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **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. **Highlight main developments since last year's survey:** In December 2013 National Treasury released for public comment the Draft Financial Sector Regulation Bill. This Bill, amongst others, refines the regulatory architecture in South Africa by allocating the prudential regulation of major financial institutions (e.g. banks and insurers) to the SARB and the market conduct	

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				regulation of financial institutions to the Market Conduct Regulator (FSB). It is expected that this bill will go through another revision to include the comments received thereon and that the revised version will be submitted to Parliament. There have also been new developments with regard to hedge funds earlier in 2014 (see section below). **Web-links to relevant documents:** http://www.fsb.co.za/capitalmarkets/legislation/fnancialmarketsact19of2012	

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II.	**Hedge funds**				
2 (2)	Registration, appropriate disclosures and oversight of 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 state whether Hedge Funds(HFs) are domiciled locally and, if available, indicate the size of the industry in terms of Assets Under Management (AUM) and number of HFs. Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)*. In particular, jurisdictions should specify whether: - HFs and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☑ Draft published as of: 13 September 2012 ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **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	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** 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. **Planned actions (if any):** Released draft regulations for public comment and currently reviewing public comments on the draft regulations Final regulations to be issued with a Ministerial (Minister of Finance) declaration of Hedge funds as Collective Investment Schemes **Expected commencement date:** **Web-links to relevant documents:** Retirement funds https://www.fsb.co.za/Departments/retire

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				public comment and engagement. The process to refine the framework has begun after comments were received from public consultation with stakeholders The framework proposes two types of funds (1) Retail hedge funds (2) Restricted hedge funds. Retail hedge funds will be 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. **Highlight main developments since last year's survey:** On 16 April 2014, the NT released for public comment the draft Regulations and a related Explanatory memorandum for hedge funds. These draft Regulations propose a framework for regulating hedge funds in South Africa. **Web-links to relevant documents:** ftp://ftp.fsb.co.za/public/Collective_Investments_Schemes/Press%20Release%20Hedge%20fund%20regulation.pdf. http://www.treasury.gov.za/comm_media	mentFund/Documents/Draft%20Notice%20Hedge%20Fund%20Investments%2030%2010%202013.pdf Latest links http://ntintranet/comm_media/press/2014/2014041601%20-%20Press%20Release%20-%20Release%20of%20Draft%20Hedge%20Fund%20Regulations.pdf http://ntintranet/public%20comments/Hedge%20Fund/2014041601%20-%20Draft%20Hedge%20Fund%20Regulations.pdf http://ntintranet/public%20comments/Hedge%20Fund/2014041601%20-%20Hedge%20Fund%20Regs%20EM.pdf http://ntintranet/public%20comments/Hedge%20Fund/2014041601%20-%20Hedge%20Fund%20Structures.pdf

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				/press/2012/ANNEXURE%20A%20-Regulation%20of%20Hedge%20Funds%20in%20South%20Africa-%20A%20proposed%20framework%20%20September%202012.pdf Board notice issued by FSB for Fit and Proper Requirements is available on ftp://ftp.fsb.co.za/public/Faisdep/BoardNotice87.pdf	

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3 (3)	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 *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers. In addition, jurisdictions should state whether they are: - Signatory to the IOSCO MMoU - Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO *Principles Regarding Cross-border Supervisory Cooperation.* In particular, jurisdictions should indicate those jurisdictions where an MoU is in place that provides for oversight when a hedge fund is located in one of these jurisdictions and manager is located elsewhere.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Reform effective (completed) as of: March 2014:The MoUs were concluded in accordance with the Financial Services Board Act, which permits disclosure of information obtained in performance of any act/power in terms of the Acts administered by the FSB. To afford the necessary protection to the information exchanged in terms of the MoUs, provision has been made to ensure that the use of the information is	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any):** On-going **Expected commencement date:** **Web-links to relevant documents:**

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				restricted to achieving the supervisory and regulatory objectives of the regulators and that confidentiality is maintained at all times. **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. **Highlight main developments since last year's survey:** On March 2014:The MoUs were concluded in accordance with the Financial Services Board Act, which permits disclosure of information obtained in performance of any act/power in terms of the Acts administered by the FSB. To afford the necessary protection to the information exchanged in terms of the MoUs, provision has been made to ensure that the use of the information is restricted to achieving the supervisory and regulatory objectives of the regulators and that confidentiality is maintained at all times. **Web-links to relevant documents:** Expected On 1 September 2014	

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4 (4) (4)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (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. In particular, jurisdictions should indicate whether they have implemented the Basel III rules for credit exposures to highly leveraged counterparties (para 112 of *Basel III (Jun 2011)* – see also FAQ no 1b.4 on Basel III counterparty credit risk, Dec 2012) , and principle 2.iii of IOSCO *Report on Hedge Fund Oversight (Jun 2009)*. Jurisdictions should also indicate the steps they are taking to implement the new standards on equity exposures (*Capital requirements for banks' equity investments in funds, Dec 2013*) by 1 January 2017. For further reference, see also the following documents : • BCBS *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • BCBS *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☑ Draft published as of: Draft Hedge funds regulation are published for public comments ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** Enhancing counter party risk management for hedge will only be completed once the hedge fund regulations are finalised and the impact thereof on sectors of the financial system is assessed. From a bank sector	**Planned actions (if any):** Counterparty risk management requirements will be imposed through the Hedge Funds regulations. **Expected commencement date:** September 2014 **Web-links to relevant documents:**

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				perspective,banking institutions with exposures to hedge funds are required to manage such exposures in line with sound risk management processes. In addition to regulatory data provided 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 risk, especially for Retail hedge funds. **Highlight main developments since last year's survey:** Counterparty risk management requirements will be imposed through the Hedge Funds regulations. Hedge Funds regulations as a draft notice will be placed within the existing Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA") as per section 63 of CISCA by the Minister of Finance. **Web-links to relevant documents:** ftp://ftp.fsb.co.za/public/pension/Part1gazette.pdf	

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III.	**Securitisation**				
5 (5) (5)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) 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) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's Unregulated Financial Markets and Products (Sep 2009), including justification for any exemptions to the IOSCO recommendations; 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. *Jurisdictions may also indicate progress in implementing the recommendations of the IOSCO's Report on Global Developments in Securitisation Regulation (Nov 2012).*[3]	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: Exemption Notice on Securitisation, which requires detailed scrutiny of applications from all institutions banks, NBFIs and other corporates, and sets thresholds for risk retention by banks and for asset repurchases. **Status of progress :** ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any):** South Africa is continuously monitoring compliance. **Expected commencement date:** **Web-links to relevant documents:** Quarterly reports submitted by securitisation vehicles: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/4069/D12011.pdf Information required as part of securitisation applications: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/4944/D1%20of%202012.pdf

[3] Jurisdictions should not provide responses on IOSCO recommendations concerning the alignment incentives associated with securitisation (including risk retention requirements) since these will be covered by an IOSCO peer review in 2014.

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				and will come into force on: ☑ Reform effective (completed) as of: 1 Januayy 2012 Basel III was effective **Short description of the content of the legislation/ regulation/guideline:** Basel2.5:In addition from January 2012,'re-securitisation' was carved out from 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. For securitisation vehicles established after May 2011, the Registrar of Banks receives quarterly information on the structure that amongst other things include , the quality of the underlying assets (Moved from previous section). Capital Markets: The South African Financial Services Boards (SA FSB) has benchmarked the JSE's listing requirements against the recommendations of the IOSCO Report	

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				on Global Developments in Securisation Regulation (2012). Preliminary findings have been identified and SA FSB will engage with the JSE to address the gaps. **Highlight main developments since last year's survey:** **Web-links to relevant documents:** The Securitisation notice is available on http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/4944/D1%20of%202012.pdf	

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6 (6)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to: • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum's consultative document on Mortgage insurance: market structure, underwriting cycle and policy implications (Feb 2013).	☑ Not applicable ☐ 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:*** There are no monolines insurers operating in South Africa. ☐ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

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7 (7)	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)	Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance product. Jurisdictions may reference IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on:	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **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:**

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				☐ Reform effective (completed) as of: **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 Solvency Assessment and Management (SAM) regime. The existing requirements 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. Retirement Funds: Regulation 28 sets the limits and principles for a retirement fund to invest in alternative investments. **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

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8 (8)	Enhanced disclosure of securitised products	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)	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)* and IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)*.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **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:**

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				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 practices across all regulated financial services sectors and products. From the 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. **Highlight main developments since last year’s survey:** **Web-links to relevant documents:**	

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IV.	**Enhancing supervision**				
9 (9)	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.[4] See, for reference, the following documents: BCBS: • *Framework for G-SIBs (Nov 2011)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: • *Global Systemically Important Insurers: Policy Measures (Jul 2013)* • *ICP 23– Group wide supervision* FSB: • *Framework for addressing SIFIs (Nov 2011)*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 :**	**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:** SAM as mentioned on previous columns will be implemented on January 2016 **Web-links to relevant documents:**

[4] 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.

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				☑ Draft in preparation, expected publication by: The intention is to finalise the twin peaks legislation by end 2014 for implementation to take place in early 2015. SAM will be implemented on January 2016 ☑ Draft published as of: 26 April 2013 ☑ Final rule or legislation approved and will come into force on: The SARB issued Directive 5 of 2013, which focuses on the additional capital requirements for systemically important banks, referred to as D-SIBs. These capital add-ons will come into effect from 1 January 2016. ☐ Reform effective (completed) as of: **Short description of the content of the 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. Regulations relating to Basel III were effective since 1 January 2013. 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	

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				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. In the move towards in a twin peaks system of supervision, special emphasis has been placed on consistent, consolidated supervision. In this regard, with the restructuring of the Prudential Authority (PA) currently underway, a decision has been made to establish a specific department within the PA to deal with consolidated and group-wide supervision called "Financial Conglomerate Supervision Departmental".aS **Highlight main developments since last year's survey:** The Financial Sector Regulation Bill that gives effect to a twin	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				peaks model of financial regulation will increase the scope of regulatory application to all financial sector product and service providers, and will provide for conduct and prudential standards to be applied on these entities and persons. A revised draft bill due Cabinet and public comment in Q3 of 2014. Supervisory colleges were held for the Standard Bank Group during 2007 and 2013. A supervisory college is planned for the Barclays Africa Group limited (BAGL) during November 2014. Supervisory colleges between the BSD and the FSB are held on a half yearly basis to discuss the systemically important financial conglomerates operating in South Africa. The BSD also receive consolidated returns on a quarterly basis which are analysed in detail. Banking groups should comply with capital adequacy requirements on a consolidated basis. Large exposures and intragroup exposures are also analysed to assess concentration and contagion risk The SARB issued Directive 5 of 2013, which focuses on the additional capital requirements for systemically important banks, referred to as D-SIBs. These capital add-ons will come into effect from	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				1 January 2016. **Web-links to relevant documents:** For D5/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5686/01%20D5%20of%202013.pdf http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf http://www.treasury.gov.za/comm_media/press/2013/2013020102%20-%20Twin%20Peaks%2001%20Feb%202013.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (10) (10)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Please indicate whether supervisory colleges for all significant cross-border firms (both banks and insurance companies) have been established and whether the supervisory colleges for G-SIFIs are conducting rigorous risk assessments. Principle 13 of BCBS <u>Core Principles for Effective Banking Supervision</u> and <u>Good practice principles on supervisory colleges (Oct 2010)</u> may be used as a guide for supervisor to indicate the implementation progress. For further reference, see the following documents: BCBS: • *<u>Core Principles for Effective Banking Supervision (Sep 2012)</u>* IAIS : • *<u>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</u>* • *<u>Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges</u>* IOSCO: • *<u>Principles Regarding Cross-Border</u>*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: Please refer to the response in question 9 (12) read with question 1. 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. In respect of the significant cross border groups the FSB is not the lead supervisor, the FSB has participated in the supervisory colleges that were established. South African bank supervisors participate where required in international core supervisory groups as well as where South Africa is	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any):** South Africa is closely monitoring any international developments. **Expected commencement date:** The FSB will continue with the initiatives highlighted in the previous column. **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			<u>*Supervisory Cooperation (May 2010)*</u>	specifically invited to attend. From a domestic perspective, South Africa has a number of institution specific bilateral meetings with regulators of countries where South African banks have a presence and vice 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. ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Reform effective (completed) as of: Based on MoU agreements **Short description of the content of the legislation/ regulation/guideline:** Short description for other actions: Supervisory colleges are in place for the big five banking groups – Absa-Barclays, First Rand, Investec, Nedbank-old Mutual and Standard bank groups. South Africa also participates in the supervisory colleges of international banking groups such as Citi, Deutsche and Standard Chartered banks. Supervisory colleges were held for the Standard Bank Group	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				during 2007 and 2013. A supervisory college is planned for the Barclays Africa Group limited (BAGL) during November 2014. Supervisory colleges between the BSD and the FSB are held on a half yearly basis to discuss the systemically important financial conglomerates operating in South Africa. The BSD also receive consolidated returns on a quarterly basis which are analysed in detail. Banking groups should comply with capital adequacy requirements on a consolidated basis. Large exposures and intragroup exposures are also analysed to assess concentration and contagion risk **Highlight main developments since last year's survey:** 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. The current quarterly meetings between the two major regulators, viz. the SARB and FSB, are underpinned by a duly signed off MOU. Furthermore, the Financial Sector Regulation Bill (2013) has provisions that deals specifically with cooperation, coordination and exchange of information between regulators and proposes two	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				mechanisms, namely, the FSOC and Council of Financial Regulators, through which to effect this coordination and exchange of information. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11 (11) (11)	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) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012]() BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations. Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: South Africa fully cooperates with all international initiatives on coordination through the Financial Stability Board, 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	**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 the initiatives highlighted in the previous column. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 list is available in the Annual Report.South Africa will, as part of the 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 in preparation, expected publication by: ☑ 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 ☐ Final rule or legislation approved and will come into force on: ☑ Reform effective (completed) as of: Based on MoU agreements **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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 submitted legislative proposals to the National Treasury to further enhance insurance legislation in respect of information sharing and cooperation with other regulators. The current quarterly meetings between the two major regulators, viz. the SARB and FSB, are underpinned by a duly signed off MOU. Furthermore, the Financial Sector Regulation Bill (2013) has provisions that deals specifically with cooperation, coordination and exchange of information between regulators and proposes two mechanisms, namely, the FSOC and Council of Financial Regulators, through which to effect this coordination and exchange of information. **Highlight main developments since last**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				year's survey: The current quarterly meetings between the two major regulators, viz. the SARB and FSB, are underpinned by a duly signed off MOU. Furthermore, the Financial Sector Regulation Bill (2013) has provisions that deals specifically with cooperation, coordination and exchange of information between regulators and proposes two mechanisms, namely, the FSOC and Council of Financial Regulators, through which to effect this coordination and exchange of information. **Web-links to relevant documents:** http://ntintranet/legislation/bills/2012/FSL/	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (12)	Strengthening resources and effective supervision	We agreed that supervisors should have 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)	No information on this recommendation will be collected in the current IMN survey since a peer review is taking place in this area during 2014.		
(12)		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)			
(12)		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)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Building and implementing macroprudential frameworks and tools**				
13 (13) (13)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure 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[5] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess 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)	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 whether an assessment has been conducted with respect to the powers to collect and share relevant 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.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: 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	**Planned actions (if any):** 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. **Expected commencement date:** **Web-links to relevant documents:**

[5] 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
				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** **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
14 (14) (14)	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) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Please describe at a high level (including by making reference to financial stability or other public reports, where available) the types of systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. 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 *Operationalising the selection and application of macroprudential instruments (Dec 2012)*. Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*, and the IMF staff papers on *Macroprudential policy, an organizing framework (Mar 2011)* and on *Key Aspects of Macroprudential policy (Jun 2013).*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 the existing tools and the development of new ones are ongoing. The South African	**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:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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. **Status of progress :** ☑ Draft in preparation, expected publication by: on-going ☐ 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 ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 The Financial Stability Department of the SARB is investigating a list of possible macroprudential instruments. The list of policy instruments and potential indicators are adopted from the BIS report on "Operationalising the Selection and Application of Macroprudential Instruments (December 2012)". The instruments are classified as capital-based instruments, (countercyclical capital buffer, sectoral capital requirements and dynamic provisions); Liquidity-based instruments (countercyclical liquidity requirements, margins and haircuts in the markets) Asset-side instruments (LTVs and DTIs). The Department is also studying a number of indicators using South African data to assess the information content of these indicators in identifying build-ups of imbalances in the financial system **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (15)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	Please describe the institutional framework through which information sharing between supervisors and the central bank takes place, e.g. through internal or inter-agency committee or bilateral MoUs. Please also describe any initiative to remove identified obstacles to enhance cooperation and information sharing.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☑ Draft published as of: December 2013 ☐ Final rule or legislation approved and will come into force on: ☑ Reform effective (completed) as of: The 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 FSB is the lead regulator. Information and findings are also shared on a regular	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. Date effective December 2013 **Short description of the content of the legislation/ regulation/guideline:** The 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 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 **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Improving oversight of credit rating agencies (CRAs)**				
16 (16) (16) (16) (New)	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 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) We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their 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 • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)* • *Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013)*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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 :** ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ 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	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **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:** **Web-links to relevant documents:** www.fsb.co.za, Credit Rating Services, legislation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Highlight main developments since last year's survey:** 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 (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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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,	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 (17)	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) We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that	No information on this recommendation will be collected in the current IMN survey since the report of the second stage of the thematic peer review has been published recently [insert link whenever published].		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
(New)		would enhance transparency of and competition among credit rating agencies. (Los Cabos) We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)			

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing and aligning accounting standards**				
18 (18)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB or are otherwise of a high and internationally acceptable quality, and provide accurate and relevant information on financial performance. They should also explain the system they have for enforcement of consistent application of those standards. Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Jurisdiction-profiles.aspx.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ Reform effective (completed) as of: The IFRS has been fully implemented. **Short description of the content of the legislation/ regulation/guideline:** These are the compliance requirements applicable in South Africa: 1.In terms of the Companies Act public interest entities must comply with IFRS (as issued by the	**Planned actions (if any):** Montoring of compliance is on-going. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				IASB) 2.There is also an explicit listings Requirement for Listed companies to comply with IFRS (as issued by the IASB) With respect to compliance on explicit listings requirement for listing companies to complying with IFRS: 1. The auditor of every listed company must be registered with IRBA and accredited with the JSE 2. All Annual Financial Statement (AFS) must be audited 3.In April 2011 the Johannesburg Stock 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				be a local issue only, historically the Accounting Practice Board (APB) would issue a local interpretation. Continuation.... **Highlight main developments since last year's survey:** Continuation ..... 8. In terms of regulation 3 of the Regulations relating to Banks, unless expressly otherwise provided by the Banks Act, 1990, or the Regulations, all quantitative statutory returns submitted by banks to the Bank Supervision Department shall be prepared in terms of Financial Reporting Standards as issued from time to time. In the absence of a specific FRS, relevant pronouncements by the International Accounting Standards Board shall be referenced. 9. In instances where pending or proposed FRS and or International Financial Reporting Standards are expected to impact reporting by banks (e.g. IFRS 9), such standards will be discussed with banks to determine the expected impact and the steps taken by banks to ensure compliance. 10. The Head of the Bank Supervision Department also chairs the Accounting Experts Group, a sub-committee of the Basel Committee on Banking Supervision, the mandate of	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				which committee is to promote alignment between international accounting and auditing standards and practices and risk management at banks. 11. Bank Supervision Department is also represented on other accountancy bodies such as the South African Institute of Chartered Accountants and the Independent Regulatory Board for Auditors. Pensions: The regulator has prescribed Regulatory Reporting Requirements for retirement funds in consultation with SAICA and IRBA as retirement funds can currently not comply with all the requirements of IFRS. However it is anticipated that retirement funds will in future be required to comply with IFRS **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (19) (19)	Appropriate application of Fair Value Accounting	Accounting standard setters and 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) 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 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)	Jurisdictions should indicate the policy 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)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation / Guidelines ☑ 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. **Status of progress :** ☑ Draft in preparation, expected publication by: Ongoing ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the**	**If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:** **Planned actions (if any):** 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 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:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 retirement funds. Banks: In terms of the Regulations relating to Banks, banks have the option to account at fair value and fair value is defined, i.e., in regulation 32(6)), fair value shall have the same meaning as specified in relevant Financial Reporting Standards, as issued from time to time. Furthermore, in terms of the Regulations banks are also obliged to disclose to the public certain items at fair value, such as the fair value of all relevant contracts that expose the bank to counterparty credit risk. Retirement Funds: The regulator has prescribed Regulatory Reporting Requirements for retirement funds in consultation with SAICA and IRBA as retirement funds can currently not comply	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				with all the requirements of IFRS. However it is anticipated that retirement funds will in future be required to comply with IFRS In terms of the Reporting Requirements for Retirement Funds, funds are required to report in terms of Fair Value Accounting **Highlight main developments since last year's survey:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	**Enhancing risk management**				
20 (20) (20) (20) (20)	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 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 markets[6] 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)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. In particular, please indicate the status of implementation of the following standards: • BCBS _Basel III: International framework for liquidity risk measurement, standards and monitoring (Dec 2010)_ • BCBS _Principles for sound stress testing practices and supervision (May 2009)_ Jurisdictions may also refer to FSB's _thematic peer review report on risk governance (Feb 2013)_ and BCBS _Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012)_	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ 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	**Planned actions (if any):** As part of the Twin peaks regulatory reform process, conglomerate supervision is to be introduced as a financial stability function. Additional stress testing simulations will be undertaken during 2014/15 involving individual institutions and systemically important financial institutions. **Expected commencement date:** **Web-links to relevant documents:**

[6] Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				African authorities engages with banks and other regulated financial 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 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. Through exchange control regulations in South Africa currency	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				outflows are limited by specified thresholds, In addition, bank prudential regulations specify punitive limits on banks’ foreign currency spot and derivative positions. On a month-to-month basis, through banking data submissions to the central bank, banks’ foreign currency funding obligations are monitored on a contractual and on a business-as-usual basis. **Highlight main developments since last year’s survey:** **Web-links to relevant documents:** www.resbank.co.za	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2013. Jurisdictions may also refer to the relevant IMF Financial Soundness Indicators at http://fsi.imf.org/.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☑ 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,	**Planned actions (if any):** South Africa is continuously monitoring compliance. The introduction of Basel III capital regime has helped substantially. **Expected commencement date:** **Web-links to relevant documents:** http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb6556fd3333371e&sarbitem=5946

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. **Highlight main developments since last year's survey:** A Guidance Note (No. 6 of 2013) was issued specifying the loss absorbency requirements for capital instruments trigger events and the point of non-viability. Banks have begun to issue capital instruments complying with the requirements of this Guidance Note **Web-links to relevant documents:** http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb6556fd3333371e&sarbitem=5946	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (22) (New)	Enhanced risk disclosures by financial institutions	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) We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)	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* and *Implementation Progress Report by the EDTF (Aug 2013)*.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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. **Status of progress :** ☐ Draft in preparation, expected publication by: ☐ Draft published as of: ☑ Final rule or legislation approved and will come into force on: 1 July 2013 ☑ Reform effective (completed) as of: For banks 7 January 2013	**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:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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 Committtee on Banking Supervision (BCBS). **Highlight main developments since last year's survey:** Banks: A directive (D8/2013) was issued in 2013, specifying templates for enhanced disclosure requirements by banks following the publication by the BCBS of its rules text related to disclosure "Composition of Capital Disclosure Requirements". A	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				further circular was issued in 2014 (C5/2014) clarifying which components of the minimum capital requirements are to be disclosed by banks **Web-links to relevant documents:** For D8/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5762/01%20D8%20of%202013.pdf. ForC5/2014:http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments /6198/C5%20of%202014.pdf	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Strengthening deposit insurance**				
23 (23)	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 following recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems:* • Adoption of an explicit deposit insurance system (for those who do not have one) • Full implementation of the *Core Principles for Effective Deposit Insurance Systems* jointly issued by BCBS and IADI in June 2009 (by addressing the weaknesses and gaps identified in peer review)	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: A formal cross-agency working group was established to develop firm policy proposals to be drafted into legislation. **Status of progress :** ☑ Draft in preparation, expected publication by: January 2016 ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** **Highlight main developments since last year's survey:** A formal cross-agency working group was established to develop	**Planned actions (if any):** National Treasury is currently working on a policy framework and legislation that will enable the establishment of the deposit insurance scheme in South Africa under the crisis resolution framework A Resolution Policy Working group has been established to develop policy proposals on a revised and strengthened resolution framework including depositor protection such as a deposit guarantee/insurance scheme **Expected commencement date:** January 2016 **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				firm policy proposals to be drafted into legislation **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Safeguarding the integrity and efficiency of financial markets**				
24 (24)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets. Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework: • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)*; and • *Report on Principles for Dark Liquidity (May 2011)*.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation / Guidelines ☑ Other actions (such as supervisory actions), please specify: Based on early indication from the draft Twin peak regulations, market infrastructures will be subject to dual regulated not only will they have to comply to prudential standards, but business code of conduct standards as well. This is a significant step forward in ensuring that the South African financial markets remain robust. **Status of progress :** ☐ Draft in preparation, expected publication by: ☑ Draft published as of: Most of the regulations are included on the FMA and with other requirement the intention is to finalise the twin peaks	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				legislation by end 2014 for implementation to take place in early 2015. ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** The Financial Sector Regulation Bill that gives effect to a twin peaks model of financial regulation will increase the scope of regulatory application to all financial sector product and service providers, and will provide for conduct and prudential standards to be applied on these entities and persons. A revised draft bill due Cabinet and public comment in Q3 of 2014.Most of the regulations are included on the FMA and with other requirement the intention is to finalise the twin peaks legislation by end 2014 for implementation to take place in early 2015. **Highlight main developments since last year's survey:** Capital Markets: Based on early indication from the draft Twin peak regulations, market infrastructures will be subject to dual regulated not only will they have to comply to prudential standards, but business code of conduct standards as well. This is a significant step forward in ensuring that the South	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				African financial markets remain robust. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (25) (New)	Regulation and supervision of commodity markets	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 ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes) We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)	Jurisdictions should indicate whether commodity markets of any type exist in their national markets. Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on *Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)*. Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the *report* published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☑ Draft published as of: June 2014 ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** South Africa has made substantial progress in terms of enhancing its regulation of financial markets with the enactment of the Financial Markets Act which provides the legislative framework to enable South African Regulators to implement the G20 recommendations to reform the OTC	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				derivatives market. These include for securities services that may be provided by an external FMI. The draft regulations are expected to be published for public consultation by end June 2014. -Central Clearing Primary legislation, that is the Financial Markets Act, was previously adopted and effective in 2013. Consultation on the application of a clearing obligation to OTC interest rate derivatives is expected to commence H2 2014. From there Authorities ongoing market assessments to determine whether further obligations are required will be carried out. -Exchange / Platform trading We anticipate the exchange/trading requirements to be phased in once Regulations have been in 2014. - Reporting to TRs The reporting requirement will apply for all interest rate derivatives from 2015. We anticipate other asset classes to be phased in over the following 12 months from thereon. - Capital Capital requirements became effective for banks from Q1 2013, but with a CVA exemption for ZAR denominated OTC derivatives. Capital requirements for non-bank derivative dealers expected to be publically consulted on. -Margin Capital requirements are in effect for banks, but not yet finalised for non-banks. We	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				expect no changes to legislation will be needed in South Africa to implement the capital and margin requirements for non-banks. The authorities will adopt the BCBS-IOSCO framework and timetable. 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 **Highlight main developments since last year's survey:** The draft regulations were published for public consultation end June 2014. **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)	Reform of financial benchmarks	We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will be deferred to the 2015 IMN survey given the ongoing policy work in this area, the reviews of interest rate and foreign exchange benchmarks during 2014, and the recent publication of IOSCO's Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	**Enhancing financial consumer protection**				
27 (27)	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)*. Jurisdictions may also refer to OECD's update report including the Annex to the report *on effective approaches to support the implementation of the High-level Principles* based around the following three priority principles: • *Disclosure and transparency* • *Responsible business conduct of financial services providers and their authorised agents* • *Complaints handling and redress*	☐ Not applicable ☐ 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:*** ☑ Implementation ongoing or completed : **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: ☐ Draft published as of: ☐ Final rule or legislation approved and will come into force on: ☐ Reform effective (completed) as of: **Short description of the content of the legislation/ regulation/guideline:** South Africa is moving to a "twin peaks" model of financial regulation. A first draft of the "Financial Sector Regulation" Bill was published for industry comment, in December 2013. A second draft of the Bill is being prepared, for introduction	**Planned actions (if any):** 2014 Financial Sector Regulation ("Twin Peaks") Bill submitted to Cabinet for Parliament Financial Sector Conduct Policy Discussion Document published with TP Bill) 2015 Financial Sector Conduct Authority established & operational (enhanced powers) Financial Sector Conduct Policy Document, with draft legislation 2016-18 Implement new conduct act (overlapping sectoral law repealed), overhaul subordinate regulation **Expected commencement date:** Period between 2014-2018(see above) **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				into the legislative process during 2014. This bill will formally establish a prudential regulator and financial sector conduct regulator. The policy framework within which the new conduct regulator will operate will be set out in a policy discussion document, to be published by the end of July 2014. The policy document is the first step in introducing a single, integrated law for market conduct in the financial sector in South Africa. This will provide for: • The fair treatment of customers by financial institutions • Promoting and enhancing the integrity of the financial system **Highlight main developments since last year's survey:** Publication of the first draft the Financial Sector Regulation Bill Financial Sector Regulation Bill introduced into the legislative process during 2014 Financial sector conduct policy discussion document published by July 2014. **Web-links to relevant documents:**	

XII. Source of recommendations:

St Petersburg: The G20 Leaders' Declaration (5-6 September 2013)

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