

Jurisdiction: South Africa

2015 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Hedge funds					
1 (2)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>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)</p>	<p>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:</p> <ul style="list-style-type: none"> - Hedge Funds (HFs) and/or HF managers are subject to mandatory registration - Registered HF managers are subject to appropriate ongoing requirements regarding: <ul style="list-style-type: none"> • Organisational and operational standards; • Conflicts of interest and other conduct of business rules; • Disclosure to investors; and • Prudential regulation. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2015</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A regulatory framework for the regulation and supervision of hedge funds has been developed and has become law with effect from 01 April 2015.. The framework proposes two types of funds (1) Retail Hedge Funds (2) Qualified Investor Hedge Funds. Retail</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>hedge funds are now subject to a stringent regulatory system, for example on leverage limits, marketing, and capital and liquidity requirements. Qualified Investor Hedge Funds are 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. The regulation of Hedge Funds in South Africa became effective on 01 April 2015. The regulations require that Hedge Funds be registered with the Financial Services Board as a declared scheme, under Collective Investment Schemes Control Act. The regulations also provide for disclosure measures</p> <p>Highlight main developments since last year's survey:</p> <p>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. Based on comments, final amendments were made to the regulations. Meetings with the Receiver of Revenue and National</p>	

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				<p>Treasury were also concluded for necessary amendments to be made to the Income Tax Legislation to facilitate the conversion and implementation of Hedge Funds as Collective Investment Schemes. The Finance Minister declared Hedge Funds a Collective Investment Scheme on 25 February 2015. On 06 March 2015, the regulator, the Financial Services Board released the final regulations to be effective on 01 April 2015.</p> <p>Web-links to relevant documents:</p> <p>ftp://ftp.fsb.co.za/public/Collective_Investments_Schemes/Press%20Release%20Hedge%20fund%20regulation.pdf. http://www.treasury.gov.za/comm_media/press/2012/ANNEXURE%20A%20Regulation%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 https://www.fsb.co.za/Departments/cis/Pages/docComments.aspx# Latest links http://ntintranet/legislation/acts/2002/Gazette%2038503%20-</p>	

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				<p>%20Declaration%20of%20hedge%20funds.pdf http://ntintranet/legislation/acts/2002/Gazette%2038540%20-%20Hedge%20fund%20notice%20and%20others.pdf Retirement funds https://www.fsb.co.za/Departments/retirementFund/Documents/Draft%20Notice%20Hedge%20Fund%20Investments%2030%2010%202013.pdf 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 https://www.fsb.co.za/Departments/cis/Pages/docComments.aspx# Latest links on Hedge funds http://ntintranet/comm_media/press/2015</p>	

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				<p>/2015030601%20-%20Hedge%20Funds%20Final%20Regs%20and%20Notice.pdf Ministerial declaration http://ntintranet/legislation/acts/2002/Gazette%2038503%20-%20Declaration%20of%20hedge%20funds.pdf Gazetted through the Financial Services Board http://ntintranet/legislation/acts/2002/Gazette%2038540%20-%20Hedge%20fund%20notice%20and%20others.pdf http://www.fsb.co.za/Departments/cis/Documents/CIS%20Frequently%20Asked%20Questions.pdf</p> <p>Additional questions:</p> <p>1. Please indicate whether Hedge Funds (HFs) are domiciled locally and, if available, the size of the industry in terms of Assets under Management and number of HFs.</p> <p>The South African Hedge Fund industry has R57bn(USD 4.56 billion) in assets under management.. These assets are invested in 113 funds and managed by 55 investment managers. Before the Hedge Funds regulations became effective on 01 April 2015, all South African Hedge Funds were domiciled locally. However, the new regulations make provisions for</p>	

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				<p>foreign domiciled Hedge Funds</p> <p>2. Please specify the main criteria and numerical thresholds (if applicable) for subjecting HFs and/or HF managers to mandatory registration.</p> <p>With effect from 1 April 2015, hedge funds must be operated by a manager of a collective investment scheme in hedge funds in terms of the Collective Investment Schemes Control Act, 2002. Existing hedge funds will be converted into portfolios of hedge fund collective investment schemes operated by a manager. Existing investment managers that do not wish to establish collective investment schemes may operate their respective hedge funds as portfolios on the platform of another collective investment scheme in hedge funds. These existing hedge fund investment managers are currently registered under the FAIS Act as category IIA financial services providers and will continue to be so regulated. Only their conduct will be regulated under the FAIS Act, while their hedge fund portfolio will be regulated by the Registrar of Collective Investment Schemes. In order to be approved and issued with a category IIA licence under the FAIS Act, hedge fund investment</p>	

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				<p>managers must comply with the Fit and Proper criteria/requirements. These requirements include inter alia, the following elements: • Personal qualities of honesty and integrity • Competence (experience, qualifications and regulatory examinations) • Operational ability • Financial soundness • Continuous professional development The Fit and Proper criteria are applied consistently at the registration/approval stage of hedge fund investment managers and on a continuous/on-going basis thereafter. Each hedge fund investment manager and its key individual (responsible for management and oversight of the business), are required to provide comprehensive evidence to prove compliance with the Fit and Proper requirements upon approval. The Registrar prescribes the relevant application form (FSP 15) that must be completed by hedge fund investment managers and specifies the information that must be provided to the Registrar’s Office at the registration/authorization stage. Other sections of the application form include, inter alia, request for information on the key individual responsible for management of the hedge</p>	

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				<p>fund including qualifications, experience, honesty and integrity vetting; operational ability of the hedge fund investment manager; and the types of clients and market value of assets under management. Other specific requirements contained in the application form include, inter alia, specimen mandate used for hedge fund investment management, copy of the latest audited financial statements, risk management processes employed in the business, and details of the parties responsible for the risk management function, administration function and valuation of hedge fund portfolios. As part of our supervisory risk based mandate, on-site inspections are conducted prior to the license being granted to verify the information supplied in the application form.</p> <p>3. Please specify whether registered HF managers are subject to ongoing requirements regarding organisational and operational standards; conflicts of interest and other conduct of business rules; disclosure to investors; and prudential regulation. If any of these requirements are not applicable, please explain.</p> <p>When it comes to organisational and</p>	

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				<p>operational conduct, hedge fund managers are obliged to treat customers fairly and are also required to always or at all times act honestly, fairly, with due skill, care and diligence and in the best interests of the client and the broader financial services industry.</p> <p>As regards organisational and operational standards, hedge fund managers are obliged to have processes and systems in place for protection and separation of clients' funds and assets. They must also demonstrate compliance with the provisions of the operational ability, and in particular must have in place a fixed business address, adequate access to communication facilities, filing and record keeping systems and a banking account. They are also required to have relevant processes, procedures and systems in place, to ensure inter alia;</p> <ul style="list-style-type: none"> • Segregation of duties, roles and responsibilities from an operational perspective • Application of logical access security • Access rights and data security • Physical security of assets and 	

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				<p>records</p> <ul style="list-style-type: none"> • Documented business processes, policies and technical requirements • Disaster recovery and backup procedures on electronic data • Systems testing • Appropriate training to key individuals and representatives on the requirements of the FAIS Act and regarding the rendering of financial services. <p>They are further obliged to maintain a suitable guarantee or professional indemnity insurance and a fidelity insurance cover. They must have general administration processing, accounting transactions and risk control measurements to ensure accurate, complete and timeous processing of data, reporting and assurance of data integrity.</p> <p>As part of the operational ability requirements, where some of the functions are outsourced, the hedge fund manager must provide specific information regarding what these outsourced functions entail, whether the outsourced entity is an approved FSP, the name of the outsourced entity and</p>	

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				<p>whether the entity is an independent party, a related party or both. Furthermore the hedge fund manager must ensure that a written service level agreement is in place for outsourced functions.</p> <p>Hedge fund managers are obliged to fully disclose any actual or potential conflict of interest before the conclusion of any transaction and on an on-going basis but not less than annually. They are further required to have a comprehensive conflict of interest management policy that is approved by the board of directors or senior management and reviewed on an annual basis.</p> <p>In addition, compliance officers of hedge fund managers are required to monitor compliance with the conflict of interest provisions and must submit a report to the Registrar’s Office on an annual basis on the implementation, monitoring and compliance with, and the accessibility of such policy.</p>	

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				<p>As regards disclosure to investors, this requirement is fully addressed in the Hedge Fund Notice (Board Notice 52 of 2015) as well as the Disclosute Notice Board Notice 92 of 2014 which applies to all collective investment schemes including hedge funds.</p> <p>Hedge Fund managers are required to disclose to potential investors the name of the fund, the board, the strategy of the fund, the leverage to be employed, management of conflict of interest, and any other specifics of the fund, including investment restrictions of the fund. Managers are also required to report monthly to existing investors in Retail Hedge Funds and quarterly to existing investors in Qualified Investor Hedge Funds. Reporting to existing investors will include performance reporting, leverage used, liquidity changes, etc.</p> <p>The Registrar also prescribes specific risk disclosures for hedge fund managers relating to, inter alia: trading strategies, unlisted instruments, exchange rates, counterparty default, fees, transaction costs etc.</p> <p>Hedge fund managers are required to</p>	

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				<p>confirm and in certain instances provide at application stage the above-mentioned information regarding their internal organisational and operational controls, disclosure requirements and management of conflict of interests. The supervision and ongoing monitoring of compliance with the above requirements is achieved by performing offsite review of annual compliance reports submitted to the Registrar's Office, performing onsite inspections of hedge fund managers, and conducting investigations to probe any suspected breaches.</p> <p>4. Please describe the main challenges (where relevant) and any lessons learned in implementing this reform.</p> <p>The consultation of the private sector from the commencement of the reform process was useful in ensuring a smooth and successful process.</p> <p>5. Are you monitoring the effects of this reform in your jurisdiction? If yes, please share the main findings and any related policy initiatives in response to those findings.</p> <p>The Hedge fund regulations became effective on the 1 April 2015, hence more time needs to be given to review and assess hedge funds through the</p>	

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				regular monitoring processes in place to have a meaningful findings.	

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2 (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)	<p>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.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - 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. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since : <p><input checked="" type="checkbox"/> Implementation completed as of: March 2014: MoUs concluded in accordance with the Financial Services Board Act. 2015-MoUs included in accordance with Final regulations issued on 2015 with a Ministerial (Minister of Finance) declaration of Hedge funds as Collective Investment Schemes. The Financial Services is a signatory to the IOSCO MMoU.</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>March 2014: MoUs concluded in accordance with the Financial Services</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. MoU with FSB-ESMA-Europa http://www.esma.europa.eu/system/files/201487_mou_with_fsb_south_africa.pdf</p>

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				<p>Board Act. 2015-MoUs included in accordance with Final regulations issued on 2015 with a Ministerial (Minister of Finance) declaration of Hedge funds as Collective Investment Schemes 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.</p> <p>Highlight main developments since last year's survey:</p> <p>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</p> <p>Web-links to relevant documents:</p> <p>Signatory to bilateral agreements for supervisory cooperation that cover hedge</p>	

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				funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. MoU with FSB-ESMA-Europa http://www.esma.europa.eu/system/files/201487_mou_with_fsb_south_africa.pdf	

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3 (4)	Enhancing counterparty risk management	<p>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)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p>	<p>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.</p> <p>In particular, jurisdictions should indicate whether they have implemented 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.</p> <p>For further reference, see also the following documents :</p> <ul style="list-style-type: none"> • BCBS Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • BCBS Banks' Interactions with Highly Leveraged Institutions (Jan 1999) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2015: Counterparty risk management requirements are imposed through the Hedge Funds regulations.</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Enhancing counter party risk management for Hedge Funds has been included in the Hedge Funds regulations that are now law from 01 April 2015. From a bank sector perspective, banking institutions with exposures to Hedge</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>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. South Africa has finalised the Hedge Fund regulations that capture and strengthen the regulation of hedge fund counterparty risk, especially for Retail Hedge Funds.</p> <p>Highlight main developments since last year's survey:</p> <p>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. Based on comments, final amendments were made to the regulations. Meetings with the Receiver of Revenue and National Treasury were also concluded for necessary amendments to be made to the Income Tax Legislation to facilitate the conversion and implementation of Hedge Funds as Collective Investment Schemes</p>	

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				<p>The Finance Minister declared Hedge Funds a Collective Investment Scheme on 25 February 2015. On 06 March 2015, the regulator, the Financial Services Board released the final regulations to be effective on 01 April 2015. Also on the 1 April 2015: Counterparty risk management requirements are imposed through the Hedge Funds regulations.</p> <p>Web-links to relevant documents: http://ntintranet/legislation/acts/2002/Gazette%2038540%20-%20Hedge%20fund%20notice%20and%20others.pdf</p>	

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II. Securitisation					
4 (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)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer; • ICP 15 – Investments; and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to:</p> <ul style="list-style-type: none"> • IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008). • Joint Forum document on Mortgage insurance: market structure, underwriting cycle and policy implications (Aug2013). 	<p><input checked="" type="checkbox"/> Not applicable</p> <p>There are no monoline insurers operating in South Africa</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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5 (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)	<p>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.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: Solvency Assessment and Management(SAM) will be implemented in Jan 2016.</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since : Retirement Funds effective 1 July 2011</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Retirement Funds effective as of 1 July 2011: Regulation 28 sets the limits and principles for a retirement fund to invest in alternative investments.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Insurance: The existing requirements for insurers that originate or invest in structured products are sufficiently</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>The FSB will continue with the initiatives highlighted in the previous column. The FSB is continuously monitoring compliance with existing requirements</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Solvency Assessment and Management(SAM) will be implemented in Jan 2016 Solvency Assessment and Management(SAM) will be implemented in Jan 2016 Timeframe under the twin peak framework 2016-18 Includes implementation of the new market conduct acts (overlapping sectoral law repealed), overhaul subordinate regulation. Under the Twin Peak Framework: 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</p>

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				<p>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 regulations sets out limits on the amount and the extent to which a retirement fund may invest in particular assets, e.g. equities.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>Retirement funds: http://www.treasury.gov.za/public%20comments/Explanatory%20memorandum%20to%20draft%20regulation%2028.pdf</p>	<p>Web-links to relevant documents:</p>

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6 (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)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>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).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: Timeframe under the twin peak framework 2016-18</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>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</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>As part of its implementation of a new</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>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.</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Financial Sector Regulation Bill introduced into the legislative process during 2015 Financial sector conduct policy discussion document published by July 2014. 2015 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</p> <p>Web-links to relevant documents:</p>

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				<p>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 The SA FSB is engaging with the JSE to address identified gaps. Collective Investment Schemes: Under the new Legislation once the Twin Peak Regulatory Framework is in place, the extent and nature of required disclosure to CIS investors will be determined. The FSB has requested the JSE to have mandated risk retention products to allow for preference by CIS portfolios. These discussions are ongoing.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III. Enhancing supervision					
7 (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)	<p>Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors; (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs. See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) • ICP 23– Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: 26 April 2013</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: 01.01.2016: 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.</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>SAM as mentioned in previous columns will be implemented in early 2016 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 and continues consultation remains a priority</p> <p>Web-links to relevant documents:</p> <p>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%20</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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 SA FSB is further refining the reporting requirements for insurance groups.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework.</p> <p>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 SA FSB is further refining the reporting requirements for insurance groups. The SA FSB and the SARB’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</p>	013.pdf

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>executives take place quarterly. The supervisory powers of the SA FSB will be further enhanced in the legislation that will give effect to the Solvency Assessment and Management (SAM) project in 2016, which also aligns local insurance legislation with the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors and to specifically address areas for improvement of the legislative framework highlighted in the IMF/World Bank assessment of South Africa’s compliance with ICPs in 2014. 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. The legislation provides that the same remedial action that can be taken against a solo entity will also apply to an insurance group.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p> <p>For D5/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5686/0</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>1%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%</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (10)	Establishing supervisory colleges and conducting risk assessments	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of G-SIBs and G-SIIs.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIBs and G-SIIs using, as reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Principle 13 of the BCBS Core Principles for Effective Banking Supervision (Sep 2012) • Principles for effective supervisory colleges (Jun 2014) <p>IAIS :</p> <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges • Application paper on supervisory colleges (Oct 2014) 	<p><input checked="" type="checkbox"/> Not applicable</p> <p>No G-SIFIs</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p> <p>Additional questions:</p> <p>1. Please indicate whether supervisory colleges for all G-SIBs/G-SIIs headquartered in your jurisdiction have been established. If not, please explain.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>South Africa is closely monitoring any international developments. The SA FSB will continue with the initiatives highlighted in the previous column.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Not applicable: no G-SIBs are headquartered in South Africa</p> <p>2. Please indicate the structure of the supervisory colleges for G-SIBs/G-SIIs in your jurisdiction (core, universal, other) and the reasons why it may differ across firms.</p> <p>Refer to the response to question 1 above</p> <p>3. Please indicate the frequency of meetings over the past year of the supervisory colleges (core, universal, other) for G-SIBs/G-SIIs in your jurisdiction.</p> <p>Refer to the response to question 1 above</p> <p>4. Please describe the main objectives of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and the types of issues that have been discussed over the past year. (e.g. specific area(s) of risk, coordinated risk assessments, joint supervisory work, coordinated supervisory plans). In your response, please indicate briefly some of the main challenges in conducting joint risk assessments and steps taken to address them.</p> <p>5. Please describe the main challenges in the functioning of supervisory colleges for G-SIBs/G-SIIs in your jurisdiction and any plans to enhance the effectiveness of colleges.</p> <p>Refer to the response to question 1 above</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
9 (11)	Supervisory exchange of information and coordination	<p>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)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>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.</p> <p>Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2010 through MoUs and bilaterals</p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>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.</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>exchange of information and the enhancement of cooperation between regulators. IOSCO and IAIS have formed task groups mandated to look specifically into the issue of supervisory cooperation by securities regulators. In a similar fashion, the bank supervisor has entered into numerous MoU's with other jurisdictions' regulators. A complete 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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Applied to become a signatory to the IAIS Multilateral Memoranda of Understanding. Insurance: The South African Financial Services Board participated in the IAIS Self-Assessment And Peer Review on ICPS 1,2 and 23 and submitted the report to the FSB in July 2012. The Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation, further enhances the general information sharing provisions in</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>The 2014 ROSC assessment of the FSB-SA's compliance with the IAIS ICPs found the SA FSB observed in respect of ICPs 3 and 25.</p> <p>Web-links to relevant documents:</p> <p>http://ntintranet/legislation/bills/2012/FSL/</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (12)	Strengthening resources and effective supervision	<p>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)</p> <p>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)</p> <p>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)</p>	<p>No information on this recommendation will be collected in the current IMN survey due to the recent publication of the FSB thematic peer review report on supervisory frameworks and approaches to SIBs.</p>		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IV. Building and implementing macroprudential frameworks and tools					
11 (13)	Establishing regulatory framework for macro-prudential oversight	<p>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 banks¹ and private pools of capital to limit the build up of systemic risk. (London)</p> <p>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)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place since the financial crisis, including over the past year.</p> <p>Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among different authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: 10/12/2016</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>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 made an application to become a signatory to the IAIS MMoU in January 2013.</p> <p>Web-links to relevant documents:</p>

¹ 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
				<p>compels the Supervisor to keep this information confidential, as it should be. Consideration is being given to whether or not these powers should be extended to other regulators, or if the information sharing responsibilities of the supervisor should be increased, under certain circumstances. The Financial Services Board can request any information from its regulated entities. In respect of 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. The above developments have been</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>complemented by the release for public comment of the second draft of the Financial Sector Regulation Bill (FSRB). In terms of macro-prudential oversight, the SARB will oversee of macro-prudential oversight of the financial system. The FSRB has provisions in Chapter 2 that provides the SARB with the authority/powers to for gathering relevant information on all material financial institutions, markets and instruments in the domestic financial system in order to execute its macro-prudential oversight and financial stability mandate.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Financial Sector Regulation Bill (FSRB) chapter 2</p> <p>Highlight main developments since last year's survey:</p> <p>The FSRB is currently in the legislative or parliamentary process and it is expected the the FSRB will be passed by early 2016</p> <p>Web-links to relevant documents:</p> <p>See section 22 of the Financial Services Board Act, 1990 at http://www.fsb.co.za/legislation</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>http://www.treasury.gov.za/public%20comments/FSR2014/2014%2012%2011%20FSRB%20including%20Consequential%20Amendments%20and%20Memo%20of%20Objects.pdf</p> <p>Additional questions:</p> <p>1. Please describe the institutional arrangements for financial stability and macroprudential policy in your jurisdiction, including whether a macroprudential authority has been explicitly identified and the respective roles and responsibilities of the central bank and other authorities.</p> <p>Before the FSRB, the Minister of Finance delegated the financial stability function to the SARB in terms of a letter dated February 2010</p> <p>2. If a macroprudential authority has been explicitly identified in your jurisdiction, please describe its legal basis, mandate, composition, powers (warnings, recommendations, prudential tools, powers of direction, other) and accountability arrangements. Who provides the resources and analytical support for the authority's activities?</p> <p>The SARB; the proposed powers in the FSRB is broad and includes the SARB having to manage, monitor and mitigate systemic risks and systemic events as</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>well as the power to direct other regulators to take specific actions to address these risks</p> <p>3. Is there an inter-agency body on financial stability or macroprudential matters – distinct from the designated macroprudential authority – in your jurisdiction? If so, please describe its legal basis, mandate, composition, powers and accountability arrangements. Who provides the resources and analytical support for its activities?</p> <p>Yes, the FSRB provides for the Financial Stability Oversight Committee (FSOC). The FSOC has met a number of times before the publication of the FSR. The SARB has been earmarked to provide resources for the FSOC.</p> <p>4. Please describe the extent to which the macroprudential authority (or other relevant body) is able to collect information on material financial institutions, markets and instruments in order to assess potential systemic risks. In your response, please indicate whether the authorities involved in systemic risk monitoring have specific legal powers to collect information from financial institutions (whether regulated or not) for financial stability purposes, and whether there exist dedicated information gateways (e.g. Memorandum of Understanding) to share such information among relevant authorities.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Currently information on material issues can be collected via the sector regulators, based on sector specific laws. This will be superseded by the FSRB that will provide a legislative mandate to the SARB to collect such information from any firm.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (14)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>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)</p> <p>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)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.</p> <p>Please indicate the use of macroprudential tools in the past year, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> CGFS report on Operationalising the selection and application of macroprudential instruments (Dec 2012) FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011) IMF staff papers on Macroprudential policy, an organizing framework (Mar 2011), Key Aspects of Macroprudential policy (Jun 2013), and Staff Guidance on Macroprudential Policy (Dec 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress :</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: 2015</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>The Financial Stability 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 higher level to facilitate the implementation of macroprudential policy tools. The National Treasury and Financial Services</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The Financial Sector Regulation Bill, 2015 will enhance the system-wide monitoring and the use of the macro-prudential instruments. The draft ministerial regulations OTC derivatives together with the accompanying registrar’s notices were published for a second round of public consultation on the 5th of June 2015</p> <p>Web-links to relevant documents:</p>

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 Reserve Bank has also elevated its Financial Stability Committee to a level commensurate with the Monetary Policy Committee, to facilitate the implementation of macroprudential</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>policy tools. On 3 June 2013, the FMA, which repealed the Securities Services Act No. 36 of 2004 (SSA), came into force. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements. The proposed ministerial regulations for unlisted over-the-counter derivatives were first published for public comment on 4 July 2014. The draft ministerial regulations together with the accompanying registrar’s notices were published for a second round of public consultation on the 5th of June 2015. The deadline for comments is the 6th of July 2015.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Financial Sector Regulation Bill, 2015 will enhance the system-wide monitoring and the use of the macro-prudential instruments. On 3 June 2013, the FMA, which repealed the Securities Services Act No. 36 of 2004 (SSA), came into force. The FMA as enabling legislation provides for the regulation and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements The proposed ministerial regulations for unlisted over-the-counter derivatives were first published for public comment on 4 July 2014. The draft ministerial regulations together with the accompanying registrar’s notices were published for a second round of public consultation on the 5th of June 2015. The deadline for comments is the 6th of July 2015.</p> <p>Web-links to relevant documents:</p> <p>Additional questions:</p> <p>1. Please describe, at a high level, the types of methodologies, indicators and reports used in your jurisdiction to identify, analyse, communicate and address systemic risks.</p> <p>The Financial Stability 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Financial Stability Committee to a higher level 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 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.</p> <p>2. Please describe the range of policy tools (prudential and other) currently available to the authorities for macroprudential purposes.²</p>	

² An indicative list of such tools can be found in “Macroprudential Policy Tools and Frameworks – Progress Report to the G20” by the FSB, IMF and BIS (October 2011, http://www.financialstabilityboard.org/wp-content/uploads/r_111027b.pdf); “Staff Guidance on Macroprudential Policy” (December 2014, <http://www.imf.org/external/np/pp/eng/2014/110614.pdf>) by IMF staff; and “Operationalising the selection and application of macroprudential instruments” (December 2012, <http://www.bis.org/publ/cgfs48.pdf>) by the CGFS.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>3. Please indicate which tools have been deployed for macroprudential purposes over the past year, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>4. Please describe whether and, if so, how the relevant authorities assess the <i>ex ante</i> cost and benefits of macroprudential policies and their <i>ex post</i> effectiveness.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. Improving oversight of credit rating agencies (CRAs)					
13 (16)	Enhancing regulation and supervision of CRAs	<p>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)</p> <p>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.</p> <p>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.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible</p>	<p>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:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • 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) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Regulatory oversight has commenced and on-going supervision is being instituted according to a documented supervisory</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>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.</p> <p>Web-links to relevant documents:</p> <p>www.fsb.co.za, Credit Rating Services, legislation</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
		<p>in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>		<p>plan</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Credit rating agencies: The Credit Rating Services Act, Act No. 24 of 2012, was passed by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013. A new department has been set up in the Financial Services Board. The department was established on 1 April 2013 and is mandated to oversee the implementation of the Credit Rating Services Act, 24 of 2012, and to supervise and regulate the registered credit rating agencies going forward. The Credit Rating Services Act is the regulatory framework for credit rating services, providing for: I. the registration of credit rating agencies; II. the control of certain activities of credit rating agencies; III. conditions for the issuance of credit ratings; IV. rules on the organisation and conduct of credit rating agencies, and for matters connected herewith. The Act has taken</p>	

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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, 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. Regulations relating to Banks: Eligibility of CRA A CRA that wishes to be recognised as an eligible institution for purposes of the Regulations relating to Banks (that is, CRA's ratings can be used</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>by banks to determine risk weighted assets and ultimately capital requirement) shall obtain prior written approval of the Registrar of Banks. Regulation 51 of the Regulations relating to Banks specifies the relevant requirements that the CRA shall comply with in order to be regarded as an eligible institution. The requirements include criteria in terms of objectivity, independence, international access, disclosure, resources and credibility.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: www.fsb.co.za, Credit Rating Services, legislation</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (17)	Reducing the reliance on ratings	<p>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)</p> <p>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)</p> <p>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)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that</p>	<p>Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2014) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: also refer to 13 (16)</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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, 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.</p> <p>Regulations relating to Banks: Eligibility of CRA</p> <p>A CRA that wishes to be recognised as an eligible institution for purposes of the Regulations relating to Banks (that is, CRA's ratings can be used by banks to determine risk weighted assets and</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>ultimately capital requirement) shall obtain prior written approval of the Registrar of Banks. Regulation 51 of the Regulations relating to Banks specifies the relevant requirements that the CRA shall comply with in order to be regarded as an eligible institution. The requirements include criteria in terms of objectivity, independence, international access, disclosure, resources and credibility</p> <p>Highlight main developments since last year's survey:</p> <p>The department has made progress with ESMA with regard to their review and assessment of assessing the equivalence of legislation and the finalising of a MoU between the parties. This will facilitate cross-border enforcement and exchange of information in the regulation over international credit rating agencies. The department published it's annual report to the Registrar in April 2015</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Enhancing and aligning accounting standards					
15 (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)	<p>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.</p> <p>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/Analysis-of-the-G20-IFRS-profiles.aspx.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2013</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>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 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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Monitoring of compliance is on-going. Collective Investment Scheme: To begin drafting the legislation that will prescribe standards. Draft will be released for public comment in first quarter.</p> <p>Web-links to relevant documents:</p> <p>http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf</p>

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>these findings 6.As it relates to ensuring consistent application across jurisdictions JSE has established formal links with other IFRS regulators through IOSCO (A process 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 be a local issue only, historically the Accounting Practice Board (APB) would issue a local interpretation. 8. In terms of regulation 3 of the Regulations relating to Banks, unless expressly otherwise provided by the Banks Act, 1990, or the</p>	

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

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Auditors.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p> <p>Legislation requires insurers to have audited financial statements and annual returns. Financial statements must comply with IFRS. Insurance Legislation requires insurers to have audited financial statements and annual returns. Financial statements must comply with IFRS. In respect of assets, insurers already are fully IFRS compliant and have been so since 2003. In respect of liabilities, elements are on fair value accounting – all liabilities excluding policy holder liabilities are accounted for on a fair value basis. Policyholder liabilities are currently valued in terms of the Statement of Actuarial Practice (SAP 104). IFRS 4 Phase II, when implemented, will address this and bring policyholder liabilities onto a fair value</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>accounting basis Collective Investment Schemes The Collective Investment Schemes Control Act, No 45 of 2002 (“CISCA”) requires a manager to maintain accounting records and prepare annual financial statements in respect of itself and each of its collective investment schemes. The manager uses IFRS for its own financial statements. The Registrar is currently working on determining relevant standards for collective investment schemes and portfolios as IFRS is not practical for collective investment schemes.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p> <p>http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
16 (19)	Appropriate application of Fair Value Accounting	<p>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)</p> <p>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)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>Although not an application of fair value accounting, jurisdictions should additionally be mindful of implementation issues arising from the new accounting requirements for expected loan loss provisioning for impaired loans that are being introduced by the IASB and the FASB, and, for those jurisdictions where specific action is needed to foster transparent and consistent implementation, set out any steps they intend to take.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: 1 November 2009 IFRS 9 to be in force in 1 January 2018.</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since : IFRS 13 Fair value Accounting effective as of 1 January 2013.</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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. Banks:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>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 Financial Instruments (IFRS 9): The first phases of IFRS 9, dealing respectively with classification and measurement of Financial Assets and Financial Liabilities were issued in November 2009 and October 2010. The general hedging model was released in November 2013. The impairment model has been the last stage. The standard becomes mandatory for annual periods beginning On or after 1 January 2018.</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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 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 Insurance: 1. In respect of assets, insurers already are fully IFRS compliant and have been so since 2003. 2. In respect of liabilities, elements are on fair value accounting – all liabilities excluding policy holder liabilities are accounted for on a fair value basis.</p>	<p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Policyholder liabilities are currently valued in terms of the Statement of Actuarial Practice (SAP 104). IFRS 4 Phase II, when implemented, will address this and bring policyholder liabilities onto a fair value accounting basis.</p> <p>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</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing risk management					
17 (20)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	<p>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)</p> <p>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)</p> <p>Regulators and supervisors in emerging markets³ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p> <p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p>	<p>Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices.</p> <p>Jurisdictions may also refer to FSB's thematic peer review report on risk governance (Feb 2013) and the BCBS Peer review of supervisory authorities' implementation of stress testing principles (Apr 2012) and Principles for sound stress testing practices and supervision (May 2009).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Regulations relating to Basel III were effective since 1 January 2013</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>South African authorities engage with banks and other regulated financial institutions on an ongoing basis to ensure</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>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</p> <p>Web-links to relevant documents:</p>

³ 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
				<p>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 outflows are limited by specified thresholds, In addition, bank prudential regulations specify punitive limits on</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>www.resbank.co.za</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
18 (22)	Enhanced risk disclosures by financial institutions	<p>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)</p> <p>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)</p>	<p>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), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 07 January 2013 (For banks)</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>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</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Currently banks are required to report losses monthly, in line with the</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>South Africa is continuously monitoring compliance. Insurance: The SA FSB will continue with the initiatives highlighted.</p> <p>Web-links to relevant documents:</p> <p>For D8/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5762/01%20D8%20of%202013.pdf. For C5/2014: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6198/C5%20of%202014.pdf http://www.fsb.co.za/Departments/cis/Documents/Board%20Notice%2092%20of%202014.pdf</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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 questionnaires and on-site visits to larger banks. The principles will be implemented in the domestic regulatory framework via guidances until it is fully adopted by the Basel Committee on Banking Supervision (BCBS)</p> <p>Highlight main developments since last year's survey:</p> <p>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 further circular was issued in 2014 (C5/2014) clarifying which components of the</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>minimum capital requirements are to be disclosed by banks. For Collective Investment Schemes, Board Notice 92 of 2014 came into effect on 1 May 2015 for detailed and strict Advertising, Marketing and Disclosure Requirements. SA is monitoring compliance with disclosure requirements as prescribed by Board Notice 92 of 2014.</p> <p>Web-links to relevant documents:</p> <p>For D8/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5762/01%20D8%20of%202013.pdf.</p> <p>For C5/2014: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6198/C5%20of%202014.pdf http://www.fsb.co.za/Departments/cis/Documents/Board%20Notice%2092%20of%202014.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Strengthening deposit insurance					
19 (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)	<p>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:</p> <ul style="list-style-type: none"> • Adoption of an explicit deposit insurance system (for those jurisdictions that do not have one) • Addressing the weaknesses and gaps to full implementation of the Core Principles for Effective Deposit Insurance Systems issued by IADI in November 2014 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: Discussion paper Discussion paper published for comments 13 August 2015</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>A formal cross-agency working group was established to develop firm policy proposals to be drafted into legislation. South Africa is working towards strengthening its resolution regime in line with the FSB’s Key Attributes. Incorporating a deposit guarantee scheme into this regime is part of the policy considerations. Structure and</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>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. The expected commencement date is January 2016</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>legislation in preparation for implementing national deposit insurance are under debate.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>A discussion paper which sets out the motivation, principles and policy proposals for strengthening the resolution framework for designated financial institutions (or DRIs) in South Africa, was published on 13 August 2015. The objective of this framework is to manage the failure of systemically important financial institutions (SIFIs) in a way that will mitigate any negative impact on South Africa’s financial stability and minimise the macroeconomic cost. The final paper will form the basis for drafting the Special Resolution Bill (SRB) which is intended to, among other things, designate the SARB as the resolution authority, specify a scope and resolution objectives, provide an outline of the resolution powers and financial safety nets for vulnerable depositors</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Safeguarding the integrity and efficiency of financial markets					
20 (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)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendation in the following IOSCO reports in their regulatory framework:</p> <ul style="list-style-type: none"> • Regulatory issues raised by changes in market structure (Dec 2013) • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011) • Report on Principles for Dark Liquidity (May 2011). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: Financial Sector Regulation Bill introduced into the legislative process during 2015</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Based on the proposed Twin Peaks regulatory framework, market infrastructures will be subject to dual regulation (Prudential and Conduct) . Not only will they have to comply with prudential standards, but conduct standards as well. This is a significant</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>step forward in ensuring that the South African financial markets remain robust. Financial Markets: Through the proposed Twin Peaks regulatory and supervisory framework that is intended to enhancing regulatory oversight and ensuring the efficiency and integrity of the financial system, market infrastructure and financial institutions will be subject to prudential as well as business of conduct regulation. This remains a significant step forward in ensuring that the South African financial markets continue to be robust</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A gap analysis was performed on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency. The SA FSB discussed the gaps with the JSE. Actions to be taken to close identified gaps were finalised. The JSE introduced on-exchange anonymous trading functionality in 2010 to limit the market impact costs related to large transactions. This feature allows for complete anonymity in the execution of large trades through hidden order functionality in the JSE’s existing central order book.</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>While the JSE provides a mechanism for the submission of “hidden” or “dark” orders these orders interact with the central order book (i.e. there is not a separate order book and therefore a separate pool of liquidity) and are restricted to large orders and minimum execution sizes.. The exchange also has the authority to disconnect users that operate electronic trading programs that behave against its regulations. Trades resulting from hidden orders are immediately published to the market once successfully matched.</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (25)	Regulation and supervision of commodity markets	<p>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)</p> <p>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)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>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).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since : Financial Markets Act, [No. 19 of 2012], G 36121, 3 June 2013 (FMA)</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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 derivatives market.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>These include for securities services that may be provided by an external FMI. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements. The proposed ministerial regulations were first published for public comment on 4 July 2014. The draft Ministerial regulations together with the accompanying Registrar's notices were published for a second round of public consultation on the 5th of June 2015. The deadline for comments is the 6th of July 2015. The cross-border nature of securities markets requires an appropriate regulatory framework that promotes the efficiency and competitiveness of the South African financial markets (as objects of the FMA) without significantly undermining their stability. The proposed regulations therefore also address:</p> <ul style="list-style-type: none"> • Requirements with which a central securities depository ("CSD") must comply for approval of an external CSD as a participant. • The securities services to be provided by an external CSD and external clearing members. • 	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Functions and duties that may be exercised by an external clearing house, CCP or external trade repository (TR). Central Clearing Central Clearing is currently not mandated reliance will be placed on incentives associated with central clearing of OTC derivatives Reporting to TRs The reporting requirement will apply for all interest rate derivatives once the regulatory framework is in place. 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. Margin Capital requirements are in effect for banks, but not yet finalised for non-banks. Margin requirements will be imposed for OTC Derivatives transactions. These requirements will be scaled to cater for entities for whom a regulatory capital requirements regime is already in place (banks and insurers). 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</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Supervision of Commodity Derivatives Markets (Sep 2011). The SA FSB consulted with the JSE on actions to be taken to close identified gaps. Proposed actions were implemented and the project was finalised.</p> <p>Highlight main developments since last year's survey:</p> <p>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 derivatives market. These include for securities services that may be provided by an external FMI. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements. The proposed ministerial regulations were first published for public comment on 4 July 2014. The draft Ministerial regulations together with the accompanying Registrar's notices were</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>published for a second round of public consultation on the 5th of June 2015. The deadline for comments is the 6th of July 2015. The cross-border nature of securities markets requires an appropriate regulatory framework that promotes the efficiency and competitiveness of the South African financial markets (as objects of the FMA) without significantly undermining their stability.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (26)	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 continue to be deferred given the forthcoming FSB progress report on implementation of the FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Enhancing financial consumer protection					
23 (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)	<p>Jurisdictions should describe progress toward implementation of the OECD’s G-20 high-level principles on financial consumer protection (Oct 2011).</p> <p>Jurisdictions may also refer to OECD’s September 2013 and September 2014 reports on effective approaches to support the implementation of the High-level Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: Financial Sector Regulation Bill introduced into the legislative process during 2015.</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since :</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through :</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>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</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Financial Sector Regulation Bill introduced into the legislative process during 2015 Financial sector conduct policy discussion document published by July 2014. 2015 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</p> <p>Web-links to relevant documents:</p> <p>http://ntintranet/twinpeaks/Financial%20Sector%20Regulation%20Bill%20tabled%2027%20October%202015.pdf</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>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:</p> <ul style="list-style-type: none"> • The fair treatment of customers by financial institutions • Promoting and enhancing the integrity of the financial system <p>Highlight main developments since last year's survey:</p> <p>Publication of the first draft the Financial Sector Regulation Bill. A second draft of the Bill has been prepared, for introduction into the legislative process during 2015</p> <p>Web-links to relevant documents:</p>	

XI. Source of recommendations:

- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [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 \(1 November 2012\)](#)

XII. List of Abbreviations used:

- | | |
|---|--|
| AFS: Annual Financial Statements | FSCF: Financial Sector Contingency Forum |
| APB: Accounting Practice Board | FSOC: Financial Stability Oversight Committee + |
| APC: Accounting Practice Committee | FSRB: Financial Sector Regulation Bill |
| BASA: Banking Association South Africa | IAIS: International Association of Insurance Supervisors |
| BCBS: Basel Committee on Banking Supervision | ICP: Insurance Core Principles |
| BSD: Bank Supervision Department | IMF: International Monetary Fund |
| CIS: Collective Investment Schemes | IRBA: Independent Regulatory Board Auditors |
| CISNA: Committee of Insurance, Securities and non banking Financial Authorities | JSE: Johannesburg Stock Exchange |
| CRA: Credit Rating Agencies | MMoUs: Multilateral Memorandum of Understanding |
| CRS: Credit Ratings Services | NT: National Treasury |
| FAIS: Financial Advisory and Intermediary Services Act | OECD: Organisation for Economic Co-operation and Development |
| FATF: Financial Action Task Force | ROSC: Reports on the Observance of standards and codes |
| FMB: Financial Markets Bill | |