

2021 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Jurisdiction
South Africa

I1: Hedge funds - Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

I2: Hedge funds - Establishment of international information sharing framework

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2015
Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
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(now the Financial Sector Conduct Authority(FSCA)). 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. Other actions: 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.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
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

I3: Hedge funds - Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II4: Securitisation - Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2021 survey.

II5: Securitisation -Strengthening supervisory, best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the 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 products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer- Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Retirement Funds effective 1 July 2011. The Insurance Act 2017 came into effective on 1 July 2018 and Solvency Assessment and Management (SAM) was fully implemented July 2018.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Insurance: The existing requirements for insurers that originate or invest in structured products are sufficiently robust, and strengthened by the Insurance Act, 18 of 2017, which came into effect on 1 July 2018. The existing requirements relate to limitations on the type and spreading of assets, limitations on derivatives trading, parameters for the valuation of group undertakings and capital requirements that requires the consideration of market and credit risk. Retirement funds Regulation 28 sets out limits on the amount and the extent to which a retirement fund may invest in particular assets, e.g., equities, bonds, etc. Other actions: Under the Twin Peak Framework: South African authorities continue to closely monitor the development of complex financial products. Financial Sector Conduct Authority takes an active interest in this area as part of their mandate to protect consumers and also to contribute towards financial stability.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date
Relevant web-links: please provide web-links to relevant documents
Retirement funds: http://www.treasury.gov.za/public%20comments/Explanatory%20memorandum%20to%20draft%20regulation%2028.pdf http://ntintranet/legislation/Bills/2016/ http://www.treasury.gov.za/twinpeaks http://www.treasury.gov.za/twinpeaks/Insurance%20Reg%20Press%20Statement.pdf http://www.treasury.gov.za/legislation/acts/2018/41388_18-1_InsuranceAct2017.pdf

II6: Securitisation - Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO's [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
The Financial Sector Regulation Act, Act No. 9 of 2017 ('FSR Act') was enacted on 21 August 2017 and came into effect on 1 April 2018. Also see the JSE Debt Listing Requirements-effective as 1 January 2017
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
As part of its implementation of a new outcomes based market conduct regulatory framework entitled "Treating Customers Fairly", the Financial Sector Conduct Authority 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 Ongoing Disclosure for Assets backed securities (Nov) 2012, the former South African Financial Service Board (now FSCA) has benchmarked the JSE listing requirements against the recommendations.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Update and next steps: highlight main developments since 2019 survey
Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
http://www.treasury.gov.za/twinpeaks http://www.treasury.gov.za/public%20comments/FSR2014/Treating%20Customers%20Fairly%20in%20the%20Financial%20Sector%20Draft%20MCP%20Framework%20Amended%20Jan2015%20WithAp6.pdf https://www.jse.co.za/content/JSEAnnouncementItems/JSE%20Letter%20DLR%20Implementation%20September%202016.pdf https://www.fsb.co.za/Departments/capitalMarkets/Documents/Board%20Notice%20160%20of%202016.pdf https://www.fsb.co.za/Departments/capitalMarkets/Documents/The%20Amended%20JSE%20Debt%20Listing%20Requirements%20(the%20Amendment%20Schedule).pdf http://www.treasury.gov.za/twinpeaks/Regulations%20in%20terms%20of%20FSR%20Act.pdf http://www.treasury.gov.za/twinpeaks/Press%20release%20Twin%20Peaks%20implementation%20March2018_FINAL.pdf http://www.treasury.gov.za/legislation/acts/2017/Act%209%20of%202017%20FinanSectorRegulation.pdf

III7: Enhancing supervision - Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (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.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIBs, since these are [monitored separately](#) by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIBs \(Jul 2018\)](#)
- [Framework for D-SIBs \(Oct 2012\)](#)

IAIS

- [Holistic Framework for the Assessment and Mitigation of Systemic Risk in the Insurance Sector \(Nov 2019\)](#)
- [Application Paper on Liquidity Risk Management \(Jun 2020\)](#)
- [Draft Application Paper on Macroprudential Supervision \(Mar 2021\)](#)

FSB

- [Evaluation of the effects of too-big-to-fail reforms \(Mar 2021\)](#)
- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force

Progress to date: please provide a date for your “implementation ongoing” status

Domestic SIFIs that are banks have been identified and publicly communicated. In November 2019, the South African Reserve Bank’s (SARB) Governor designated six banks as SIFIs. The names of the banks were publicly disclosed in the SARB’s Financial Stability Review. This list will be reviewed on a regular basis. The designation of non-bank SIFIs is still work in progress. A consultation paper on the methodology to determine which insurers are systemically important within the South African context was issued in October 2020. Work is under way to revise the methodology based on feedback received.

Progress to date: If you have selected “Implementation completed” - please provide date of implementation

Progress to date: issue is being addressed through

Primary / Secondary legislation - No
 Regulation / Guidelines - Yes
 Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

A paper explaining South Africa’s methodology for identifying domestic systemically important banks was published subsequent to the FSRA being signed into law, providing the SARB with additional powers and responsibilities for designating institutions as systemically important financial institutions (SIFIs).

Banks: The Prudential Authority applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework. Insurance (current/old framework): The Prudential Authority requests insurance groups which may be of systemic importance to submit quarterly unaudited returns on a group wide basis. The audit requirements standards for insurers are being finalised and will be effective from 1 January 2022.

42 prudential standards were issued under the Insurance Act and these standards include a set of standards that relate to insurance groups. These standards, amongst others, provide for measures on governance, risk management, internal controls and group supervision. The standards 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.

Insurance (changing framework under twin peaks): The Prudential Authority (PA), established through the FSRA put in place a number of structures and initiatives to prepare its supervisory staff for the implementation of the Insurance Act, 2017, including an internal training plan on its risk-based supervisory approach and in applications considered under the old Insurance Acts. This ensured a smooth transition for the PA in regulating the insurance industry on a risk-based supervisory basis. The Insurance Act implementation was part of a comprehensive revamp of the current financial sector legislation in South Africa. These broader reforms arose from the shift to a Twin Peaks model of financial regulation in South Africa. Work is currently underway to unpack criteria for designating insurers/insurance groups as SIFIs.

Other actions: Banks: The Prudential Authority applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework.

Prudential Standards relating to governance and risk management, intra-group transactions, risk concentration and auditor requirements applicable to Financial Conglomerates (currently designated banking and insurance groups) were issued and are in the process of being made. Information and findings are also shared between the PA and the FSCA on a regular basis and formal meetings between the respective executives take place quarterly, and monthly at senior management level.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

<p>Relevant web-links: please provide 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%20For%20D5/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5686/01%20D5%20of%202013.pdf http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf http://www.treasury.gov.za/comm_media/press/2013/2013020102%20-%20Twin%20Peaks%2001%20Feb%202013.pdf https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/9303/A%20methodology%20to%20determine%20which%20banks%20are%20systemically%20important%20within%20the%20South%20African%20context.pdf https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/PA-financial-sector-regulation/sector-regulations-prudential-standards/2020/10256 https://www.resbank.co.za/en/home/publications/publication-detail-pages/media-releases/2020/10294 https://www.resbank.co.za/content/dam/sarb/publications/reviews/finstab-review/2019/9606/FSR-2nd-edition-Nov-2019.pdf (please refer to pg. 37)</p>
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III8: Enhancing supervision - Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

<p>Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.</p>

III9: Enhancing supervision - Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any 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).

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
2010 through MoUs, IAIS MMoU(2016) and bilateral MoUs. The FSR Act was signed into law by the President of the Republic of South Africa on 21 August 2017 and came into effect on 1 April 2018. The PA and FSCA continue to cooperate and the process of cooperation has been formalized through the implementation of the MoU, as well as monthly coordination meetings at a senior executive level. Up for review: The PA is currently updating MoUs that were finalised in the name of its predecessors the Bank Supervision Department and the Financial Services Board. South Africa was subject to an FSAP in 2019-2021 and will provide input on the findings relating to this theme at the next survey as the findings and recommendations are still being finalised.

Progress to date: issue is being addressed through
Primary / Secondary legislation - No
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Insurance: South Africa is a signatory to the IAIS Multilateral Memoranda of Understanding-signed in November 2016. The South African Financial Services Board (now currently referred to as the South African Financial Sector Conduct Authority) 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 FSR Act, Chapter 5, has provisions that deals specifically with cooperation, coordination and exchange of information between regulators and includes additional mechanisms, including the Financial Sector Oversight Committee and Council of Financial Regulators, through which to effect this coordination and exchange of information. 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 SARB, PA and FSCA, have also signed various international Bilateral and Multilateral Memoranda of Understanding (e.g. IOSCO) and concluded bilateral MoUs with other domestic financial sector regulators for the exchange of information and the enhancement of cooperation between regulators. A complete list is available on the website of the SARB and set out in the annual reports of the former Bank Supervision Department (now the Prudential Authority).

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
<http://ntintranet/legislation/bills/2012/FSL/>
<https://www.iaisweb.org/page/supervisory-material/m mou-signatories/>
[https://www.fsca.co.za/Documents/LATEST%20LIST%20OF%20MEMORANDUM%20OF%20UNDERSTANDING%20BETWEEN%20THE%20FSCA%20AND%20OTHER%20AUTHORITIES%20\(January%202019\).pdf](https://www.fsca.co.za/Documents/LATEST%20LIST%20OF%20MEMORANDUM%20OF%20UNDERSTANDING%20BETWEEN%20THE%20FSCA%20AND%20OTHER%20AUTHORITIES%20(January%202019).pdf)

III10: Enhancing supervision - Strengthening resources and effective supervision

G20/FSB Recommendations

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)

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)

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)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
The Financial Sector Regulation Act was signed into law by the President of the Republic of South Africa on 21 August 2017. The effective date for the implementation of the FSR Act was 1 April 2018. The FSR Act provides the mandate for the Prudential Authority and the FSCA. Both Authorities are empowered to perform their functions with complete operational independence.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - Yes
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
South Africa has moved to a "twin peaks" model of financial regulation. The "Financial Sector Regulation" Act was enacted on 21 August 2017. The Act formally established a prudential regulator and financial sector conduct regulator, with increased scope of jurisdiction and powers. The Conduct of Financial Institutions Bill, the legal framework within which the new conduct regulator will operate, is being strengthened and a single, integrated law for market conduct in the financial sector in South Africa will be introduced (Conduct of Financial Institutions Bill). This will provide for: - The fair treatment of customers by financial institutions. - Promoting and enhancing the integrity of the financial system. A draft of the Conduct of Financial Institutions Bill was published for public comments on 11 December 2018 and on 29 September 2020 along with an explanatory policy paper. Other actions: Organisational structures are in place in South Africa include the establishment of separate divisions or new organisational structures dedicated to SIB supervision; the streamlining of reporting lines to allow for faster access to senior decision-makers; and the strengthening of specialised support functions (to conduct onsite reviews, model validation, stress testing, horizontal reviews, emerging risks identification, legal counselling, data collection and data analysis, among others). In respect of the issue of the regulation of financial innovation, South Africa's regulatory authorities participate on various international and domestic forums to exchange peer views on the development of an appropriate regulatory framework that would balance the benefits of innovation, whilst managing potential risks to financial stability and consumer protection.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
 During 2020 an updated Conduct of Financial Institutions Bill was published for public comments. The National Treasury (Ministry of Finance) is in the process of addressing the comments received and will be tabling the Bill in Parliament for ultimate implementation in South Africa.

Relevant web-links: please provide web-links to relevant documents
<http://www.treasury.gov.za/twinpeaks>
<http://www.treasury.gov.za/public%20comments/FSR2014/Treating%20Customers%20Fairly%20in%20the%20Financial%20Sector%20Draft%20MCP%20Framework%20Amended%20Jan2015%20WithAp6.pdf>
<http://www.treasury.gov.za/twinpeaks/Conduct%20of%20Financial%20Institutions%20Bill.pdf>
<http://www.treasury.gov.za/twinpeaks/CoFI%20Bill%20policy%20paper.pdf>
[http://www.treasury.gov.za/public%20comments/2020%2010%2008%20CoFI%20Bill%20\(version%20published%20for%20comment\)%20\(slightly%20updatehttp://www.treasury.gov.za/public%20comments/2020%2010%2008%20CoFI%20Bill%20\(version%20published%20for%20comment\)%20\(slightly%20updated\).pdf](http://www.treasury.gov.za/public%20comments/2020%2010%2008%20CoFI%20Bill%20(version%20published%20for%20comment)%20(slightly%20updatehttp://www.treasury.gov.za/public%20comments/2020%2010%2008%20CoFI%20Bill%20(version%20published%20for%20comment)%20(slightly%20updated).pdf)
http://www.treasury.gov.za/legislation/GovernmentNotices/43741_29-09_NatTreasury.pdf

IV11: Macroprudential frameworks and tools - Establishing oversight regulatory framework

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national 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.

Progress to date:
 Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

The Financial Sector Regulation Act was signed into law by the President of the Republic of South Africa on 21 August 2017 and came into effect on 1 April 2018. The FSR Act empowers the South African Reserve Bank with the mandate for financial stability and managing systemic risk to the financial sector.

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes

Regulation / Guidelines - No

Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

Reference: Financial Sector Regulation Act (FSRA) chapter 2. Other actions: South Africa is currently reviewing legislation on information gathering. The preliminary outcome of the review indicates that the Prudential Authority (previously the Banking Supervisor) has sufficient powers to gather relevant information. However, legislation compels the Supervisor to keep this information confidential, as it should be. Consideration is being given to whether or not these powers should be extended to other regulators, or if the information sharing responsibilities of the supervisor should be increased, under certain circumstances. The Financial Sector Conduct Authority (FSCA) 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, FSCA 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, FSCA, and SA National Treasury. The FSCA 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 complemented by the Financial Sector Regulation Act (FSRA), which was enacted on 21 August 2017 and came into effect on 1 April 2018. In terms of macro-prudential oversight in the FSRA, the SARB will oversee macro-prudential oversight of the financial system. The FSRA has provisions in Chapter 2 that provides the SARB with the authority/powers to gather 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. Furthermore, work on the macroprudential policy framework by the SARB is at an advanced stage.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents

See section 22 of the Financial Services Board Act, 1990 at

<https://www.fsca.co.za/Regulatory%20Frameworks/Pages/legislation.aspx>

<http://www.treasury.gov.za/public%20comments/FSR2014/2014%2012%2011%20FSRB%20including%20Consequential%20A%20mendments%20and%20Memo%20of%20Objects.pdf> The discussion can be found on the SARB website at <http://www.resbank.co.za/Publications/Detail-Item-View/Pages/Publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7fb-bb7dfb1bedb4&sarblist=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=7660>

<http://www.treasury.gov.za/legislation/acts/2017/Act%209%20of%202017%20FinanSectorRegulation.pdf>

IV13: Macroprudential frameworks and tools - Enhancing monitoring and use of macroprudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

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.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)
- IMF [Macroprudential Policy Survey database](#)

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
The Financial Sector Regulation Act was enacted on the 21 August 2017 and came into effect on 1 April 2018.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
<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. Other actions: The Financial Stability Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential monitoring framework to identify the build-up of imbalances in the financial system.</p> <p>Methodologies/indicators/tools used to assess systemic risks: The focus of the SARB's monitoring framework is on systemic vulnerabilities that propagate adverse shocks, rather than the shocks themselves. Systemic risk assessment is the first of three steps in the SARB's monitoring framework. It is operationalised using a combination of ongoing analysis of the following systemic risk indicators:</p> <p>i. <input type="checkbox"/> Heatmap The FinStab heatmap is the main tool used to inform a systemic risk assessment, the first step of the SARB's macroprudential framework. The heatmap is presented and used as the base for each Financial Stability Committee (FSC) presentation as it provides an indication of where heat could be building up in the financial system which in turn would warrant deeper analysis. A version of the heatmap is published in the Financial Stability Review (FSR). There are three versions of the heatmap available: (i) individual indicators, (ii) sectors and (iii) broad risk categories.</p> <p>ii. <input type="checkbox"/> Financial conditions index (FCI) A measure of the cost of financing in the economy.</p> <p>iii. <input type="checkbox"/> Financial cycle An indicator of overall risk build-up in the financial system.</p> <p>iv. <input type="checkbox"/> Credit-to-GDP gap A measure of private sector credit growth. This informs the FSC's decision to adjust the countercyclical capital buffer (CCyB).</p> <p>v. <input type="checkbox"/> Growth-at-risk A measure of how current financial conditions affect the future distribution of economic growth.</p> <p>vi. <input type="checkbox"/> SRISK A forward-looking, market-based measure of systemic risk that estimates the capital shortfall of the entire financial system conditional on a systemic event.</p> <p>Improvement of the existing indicators 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, inter alia, the implementation of macroprudential policy tools. The Financial Stability Department of the SARB is developing a toolkit of possible macroprudential instruments. The BIS report on "Operationalising the Selection and Application of Macroprudential Instruments (December 2012)" provides guidance for the development of the potential instruments and indicators. 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) and asset-side instruments (LTVs and DTIs).</p>
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
The SARB's macroprudential policy framework will continue to be developed. There are three important steps in the process of making active use of macroprudential instruments, namely assessing systemic risk, building the case for macroprudential intervention, and selecting and applying the relevant macroprudential instruments.

Update and next steps: highlight main developments since 2019 survey

Tools used for macroprudential purposes over the past year:

i. Capital conservation buffer (CCB)

The capital conservation buffer (CCB) has been fully implemented since January 1, 2019, with a target buffer of 2.5%. Effective on April 6, 2020, in response to the COVID-19 pandemic, the Prudential Authority allowed banks to utilize the CCB, as specified in Regulation 38(8)(e)(iv)(D) of the Regulations relating to Banks.

ii. Forward-looking loan loss provisioning requirement

International Financial Reporting Standard 9 (IFRS 9) was implemented 1 January 2018 as per the standard issued by the International Accounting Standards Board which introduced a forward-looking approach to loan loss provisions. In response to the COVID-19 pandemic, the Prudential Authority issued guidance notes on the application of IFRS 9 during the COVID-19 pandemic.

iii. Pillar 2A capital requirement

Effective on April 6, 2020, in response to the COVID-19 pandemic, the Prudential Authority (PA) reduced the Pillar 2A minimum capital requirement as set out in regulation 38(8)(e)(ii) of the Regulations temporarily to zero—that is, banks were allowed to conduct business with a zero percent Pillar 2A capital requirement.

iv. Distribution of dividends and payment of bonuses

Effective on April 6, 2020, in light of the negative economic impact of the COVID-19 pandemic, the PA recommended that no distribution of dividends on ordinary shares and no payment of cash bonuses to executive officers and material risk takers should take place in 2020. These measures were aimed at ensuring that banks appropriately conserve capital to support the real economy and absorb losses in an environment of heightened uncertainty caused by the COVID-19.

v. Liquidity coverage ratio (LCR)

The LCR has been fully implemented since 1 January 2019, with a minimum requirement of 100%. Effective from April 1, 2020, in response to the COVID-19 pandemic, the minimum LCR requirement was lowered to 80% (from 100%).

vi. Other measures

Effective April 16, 2020, the Prudential Authority and the Financial Sector Conduct Authority issued Joint Communication 1 of 2020 outlining some of the regulatory and supervisory actions that they would be implementing to alleviate the stress caused by COVID-19 on insurers.

Update and next steps: planned actions (if any) and expected commencement date

The SARB's macroprudential policy framework will continue to be developed. Implementation is based on three important steps in the process of making active use of macroprudential instruments, namely assessing systemic risk, building the case for macroprudential intervention, and selecting and applying the relevant macroprudential instruments.

Relevant web-links: please provide web-links to relevant documents
<p>https://www.resbank.co.za/content/dam/sarb/what-we-do/financial-stability/A%20new%20macroprudential%20policy%20framework%20for%20South%20Africa.pdf</p> <p>Regulation 38(8)(e) of the Regulations relating to Banks: https://discover.sabinet.co.za/webx/access/netlaw/94_1990_banks_14_regulation_38.htm</p> <p>Matters related to temporary capital relief in light of COVID-19 (D2/2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-directives/2020/9843.</p> <p>IFRS 9 in response to the Covid-19 (G6/2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-guidance-notes/2020/9967</p> <p>Matters related to temporary capital relief in light of COVID-19 (D2/2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-directives/2020/9843.</p> <p>Dividends and bonus payments in response to Covid19 (G4/2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-guidance-notes/2020/9845.</p> <p>Temporary Measures to aid compliance with the LCR during COVID-19 (D1/2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-deposit-takers/banks-directives/2020/9821</p> <p>COVID-19: Regulatory response (Joint Communication 1 of 2020): https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-public-awareness/Covid-19-Response/9873</p> <p>Banking and insurance sector indicators: https://www.resbank.co.za/content/dam/sarb/publications/reviews/finstab-review/2021/financial-stability-review/FSR%20May%202021%20Digital%20Version.pdf</p>

V13: Improving credit rating agencies (CRAs) oversight- Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2018 IMN survey. Given this, the reporting of progress with respect to this recommendation will not be collected in the 2019 survey.

V14: Improving credit rating agencies (CRAs) oversight - Reducing the reliance on ratings G20/FSB Recommendations

We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

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](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation

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.

Progress to date: issue is being addressed through

Primary / Secondary legislation - Yes
 Regulation / Guidelines - Yes
 Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

The Credit Rating Services Act, 24 of 2012, and to supervise and regulate the registered credit rating agencies. The Credit Rating Services Act is the regulatory framework for credit rating services, providing for: I. the registration of credit rating agencies; II. the control of certain activities of credit rating agencies; III. conditions for the issuance of credit ratings; IV. rules on the organisation and conduct of credit rating agencies, and for matters connected herewith. The Act has taken into account, - Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) - Principle 22 of Principles and Objectives of Securities Regulation (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 Act 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 Act further allows for the suspension or deregistration of CRAs who fall foul of the Act. The Act promotes investor protection by: (i) requiring that ratings are defined, reviewed and updated in a timely and non-selective manner; (ii) requiring that a CRA establish a function within its organisation to communicate with investors and the public with respect to questions, concerns and complaints; (iii) putting in place appropriate requirements for the disclosure of information to regulators and the market regarding ratings, specifically attributes and limitations of the rating and key elements of methodology. In particular, the Act 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 Act also empowers the registrar to conduct on-site inspections, the details of which are required to be published if in the public interest. The Act 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 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.

The FSCA is the responsible authority for the CRA. Credit Ratings are an integral part of the Investment Institutions Division of the FSCA which is responsible for the oversight of financial markets. They are committed to meeting G20 recommendations on the regulation of Credit Rating Agencies (CRAs) and as such, committed to assisting the Financial Sector Conduct Authority in executing its responsibilities.

The FSCA's regulatory approach is to have a risk-based supervisory model and to avoid excessive regulatory encumbrance. They also encourage high standards of ethical conduct and integrity from the FSCA and its people by demonstrating professionalism, independence, efficiency, leadership and resolve in the discharge of its responsibilities and they ensure administrative fairness utilising a consultative process and emphasising accessibility, transparency and accountability in the performance of their functions.

The FSCA supervises credit rating agencies and monitor their role in financial markets and are committed to meeting the G20 recommendations on the regulation of Credit Rating Agencies, which include, inter alia, creating a globally consistent regulatory framework for credit rating agencies and mandatory registration of CRAs.

The department draws on the recommendations of the International Organisation of Securities Commission (IOSCO) and the work undertaken by a number of international organisations.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
https://www.esma.europa.eu/sites/default/files/library/cras_mou_esma_fsb_south_africa.pdf https://www.fsca.co.za/Regulated%20Entities/Pages/LR-Credit-Ratings.aspx

VI15: Enhancing accounting standards - Consistent application of high-quality accounting standards

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of recognition, fair value measurement and disclosure requirements.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
IFRS 13: 1 January 2013 and Banks: IFRS 9: 1 January 2018.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - Yes

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

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. 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.

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 Authority has begun a process of determining applicable standards for collective investment schemes and portfolios as IFRS is not practical for collective investment schemes. The Authority has met with the representatives of the local standards setting body in order to discuss the processes that must be followed in order to ensure that the standards are of binding effect.

Banks Measures for the appropriate application of fair value recognition, measurement and disclosure; No particular further action is taken by bank supervisors’ reliance is placed on external auditors to provide an opinion on the Annual Financial Statements (AFS) in terms of IFRS by applying the relevant audit standards under the IASB. Steps have been taken to foster transparent and consistent implementation of the new accounting requirements for recognition of expected credit losses. Within the banking sector the erstwhile Bank Supervision Department (BSD) of the SARB initiated an industry forum, consisting of the BSD, banks, auditors, audit regulator IRBA and SAICA to ensure consistent implementation and interpretation of IFRS 9 and the BCBS guidance on ECL. This industry forum has facilitated with implementation readiness and to debate technical aspects of the IFRS 9 requirements and BCBS guidance. This industry forum also had three sub-groups dealing with Policy related matters, modelling matters and disclosure requirements. The IRBA also issued a guidance paper on the aspects to consider by auditors when auditing IFRS 9 ECL.

Other actions: These are the compliance requirements applicable in South Africa: a) In terms of the Companies Act public interest entities must comply with IFRS (as issued by the IASB) b) There are also explicit listings requirements for listed companies to comply with IFRS (as issued by the IASB) with respect to compliance on explicit listings requirement for listing companies to complying with IFRS:

1. The auditor of every listed company must be registered with IRBA and accredited with the JSE
2. All Annual Financial Statements (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.
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).
6. As it relates to ensuring consistent application across jurisdictions the 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, the JSE sits on the technical accounting body with SAICA, the Accounting Practices Committee (APC). Through this process the 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 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 PA is also represented on other accounting and auditing industry bodies such as the South African Institute of Chartered Accountants’ Banking Project Group and Insurance Project Group and the Independent Regulatory Board for Auditors’ Committee for Auditing Standards.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
Monitoring of compliance is on-going. Collective Investment Scheme: The Registrar has identified a suitable framework that should be used as a base for the drafting of the legislation that will prescribe standards. The industry working group will submit their inputs by end February 2017 and the drafting process will commence thereafter. South Africa is in a process of appointing an expert to draft a new accounting standard for CIS. The above process was not successful and after various subsequent attempts to obtain the services of a provider through tender processes, no-one submitted a tender. Accordingly, the CIS Specialists drafted a proposed content of such a standard which is currently being converted to a Conduct Standard. We are currently working towards submission of a Conduct Standard to the Transitional Management Committee on 19 July 2019. The Conduct Standard will require the application of IFRS minus a number of impractical requirements.
Relevant web-links: please provide web-links to relevant documents
http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf

VII16: Enhancing risk management - Enhancing guidance to strengthen banks' risk management practice

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date:
Implementation completed

Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification

Progress to date: please provide a date for your "implementation ongoing" status

Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Regulations relating to Basel III were effective since 1 January 2013

Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions
South African authorities engage with banks and other regulated financial institutions on an ongoing basis to ensure that their risk management practices are progressive, appropriate and aligned to the international standards set by the BCBS. South Africa has implemented the BCBS' s 29 Core Principles for Effective Banking Supervision as well as the Basel 2 framework, Basel III and is in the process of implementing the final revisions to the Framework. 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. Financial Conglomerates Standards have been published. The Regulations relating to banks incorporates the corporate governance guidelines for banks. Through exchange control regulations in South Africa, currency outflows are limited by specified thresholds. In addition, bank prudential regulations specify punitive limits on banks' foreign currency spot and derivative positions. On a month-to-month basis, through banking data submissions to the central bank, banks' foreign currency funding obligations are monitored on a contractual and on a business-as-usual basis.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Relevant web-links: please provide web-links to relevant documents
www.resbank.co.za
<https://www.resbank.co.za/en/home/publications/prudential-authority/pa-financial-sector-regulation/Financial-Conglomerates?category=Prudential%20Standards&year=&rows=25&page=1>

VII17: Enhancing risk management - Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

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)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 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 \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date:
Implementation completed
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: please provide a date for your "implementation ongoing" status
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
07 January 2013 (For banks) and IFRS 9 was implemented 1 January 2018. South Africa adopted the Basel disclosures, which were enhanced in 2015, 2017 and 2018.
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - Yes
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

<p>Progress to date: short description of the content of the legislation/regulation/guideline/other actions</p> <p>Currently banks are required to report losses monthly, in line with the requirements of Basel III, which are part of banking legislation. South Africa supports initiatives by the BCBS and elsewhere to improve the reporting standards. South Africa's financial institutions are fully compliant with International Financial Reporting Standards (IFRS). Financial statement disclosures are reviewed for compliance with IFRS as part of the annual statutory audit.</p> <p>Banks are being encouraged to comply with the principles of the EDTF "Enhancing the Risk Disclosure of Banks" document and their progress is being assessed through questionnaires and on-site visits to larger banks. The principles will be implemented in the domestic regulatory framework via guidance until it is fully adopted by the Basel Committee on Banking Supervision (BCBS). 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. Other actions: Insurance: The Prudential Authority (PA) introduced a new risk based capital regime in the Insurance Act. In terms of the Insurance Act, the Pillar 3 reporting and disclosure requirements will be enhanced in line with international best practices. The PA, in July 2020, published for informal consultation the public disclosures for insurers.</p> <p>Banks: Guidance on best disclosure practices for banks on EL - Refer to response above on IFRS 9 industry forum, where disclosure requirements are mentioned.</p>
<p>Update and next steps: highlight main developments since 2019 survey</p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p>
<p>Relevant web-links: please provide 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 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 For D5/2017: https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/8100/D5%20of%202017.pdf https://www.resbank.co.za/en/home/publications/prudential-authority/pa-insurance/pa-post-insurance</p>

VIII18: Strengthening deposit insurance - Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI's 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Draft published
Progress to date: please provide a date for your "implementation ongoing" status
Date of published draft: 17 June 2020
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes Regulation / Guidelines - Yes Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
High-level proposals on the design features were published in the discussion paper on the resolution framework in August 2015 and a designing deposit insurance scheme for South Africa, a discussion paper in May 2017. 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 proposals are incorporated into the Financial Sector Laws Amendment Bill (FSLAB), an amendment to the Financial Sector Regulation Act (FSRA), 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 by introducing a chapter on the resolution framework and deposit insurance framework.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation
Covid 19 and lockdown periods announced by Government has delayed the legislative and Parliamentary process.
Update and next steps: highlight main developments since 2019 survey
- <input checked="" type="checkbox"/> Published several discussion papers that will feed into secondary legislation - <input checked="" type="checkbox"/> Established the Corporation for Deposit Insurance as a shadow company - <input checked="" type="checkbox"/> Interim CEO appointed - <input checked="" type="checkbox"/> Shadow Board of Directors established - <input checked="" type="checkbox"/> Technology solutions for collection of depositor data etc in progress
Update and next steps: planned actions (if any) and expected commencement date
The FSLAB is expected to be promulgated by December 2021. Upon promulgation, CoDI will be established as company of statute. The Minister of Finance will determine the timelines for implementation in consultation with the Governor of the South African Reserve Bank.
Relevant web-links: please provide web-links to relevant documents
http://www.treasury.gov.za/publications/other/RFFI/ https://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/7818/DIS%20paper.pdf

IX19: Safeguarding financial markets integrity and efficiency - Enhancing integrity and efficiency

G20/FSB Recommendations

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)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
The Financial Sector Regulation Act was enacted on 21 August 2017 and came into effect on 1 April 2018.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - No
Other actions (such as supervisory actions) - No
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

<p>Progress to date: short description of the content of the legislation/regulation/guideline/other actions</p> <p>A gap analysis was performed on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency. The FSCA 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. 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. These off-book trades are regulated in terms of the JSE's equities rules in terms of which they must be reported to the exchange's equities trading system. Other actions: Based on the Twin Peaks regulatory framework that took effect on 1 April 2018, market infrastructures are subject to dual regulation (Prudential and Conduct). Not only do they have to comply with prudential standards, but conduct standards as well. This is a significant step forward in ensuring that the South African financial markets remain robust. Financial Markets: Through the Twin Peaks regulatory and supervisory framework which is intended to enhance regulatory oversight and support the efficiency and integrity of the financial markets, market infrastructures and financial institutions are subject to prudential as well as conduct regulation by the Prudential Authority and the Financial Sector Conduct Authority, respectively. Both the PA and the FSCA are required in terms of the Financial Sector Regulation Act, 2017 (FSR Act) to co-operate and collaborate when performing their functions in terms of financial sector laws (e.g. Financial Markets Act No. 19 of 2012 for market infrastructures). To this end, the PA and the FSCA have entered into a memorandum of understanding to give effect to their obligations in terms of section 76 of the FSR Act.</p>
<p>Update and next steps: highlight main developments since 2019 survey</p>
<p>Update and next steps: planned actions (if any) and expected commencement date</p>
<p>Relevant web-links: please provide web-links to relevant documents</p> <p>www.jse.co.za/trade/equity-market www.treasury.gov.za/ConductofFinancialInstitutionsBill www.treasury.gov.za/twinpeaks http://www.treasury.gov.za/comm_media/press/2020/FINANCIAL%20MARKETS%20ACT%20REVIEW.pdf</p>

IX20: Safeguarding financial markets integrity and efficiency - Regulation of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
Financial Markets Act, [No. 19 of 2012], 3 June 2013 (FMA) and On 9 February 2018, the consequential amendments to the FMA and the final Ministerial regulations issued in terms of the FMA came into effect.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No

Progress to date: short description of the content of the legislation/regulation/guideline/other actions

The Commodities Market is well regulated in South Africa in terms of the JSE's Commodities Market Derivatives Rules. The JSE Commodity Derivatives Market provides a platform for price discovery and efficient price risk management for the grains market in South and Southern Africa. Through a licensing agreement with the CME Group, the market also offers a range of foreign-referenced Derivatives on both Soft and Hard Commodities. The use of Derivative Instruments through Futures and Options Contracts provides market participants with the ability to manage their price risk in the underlying physical market. You could find it useful if, for instance, you are a maize producer or wish to mitigate against a rise in the diesel price.

The only outstanding regulatory instrument which market participants have requested to enhance market transparency in the commodities market is the Commitment of Traders (COT) report similar to the one released by the CME Group in the USA. In the USA, the COT report is a weekly report published by the Commodity Futures Commission (CFTC) and it provides a breakdown of open interest in futures and options markets by trader category. Markets are only included if 20 or more traders hold positions equal to or above the reporting levels by the CFTC and the respective exchanges. In South Africa, the COT report will assist the local market in understanding the market dynamics and create more transparency in the market as this report provides a breakdown of the open interest in the market held by the various different stakeholders. This will give the market more insight on the price formation within the local market structures and specific industry. The intention of the COT report is purely to provide information to the market and not as a surveillance tool for some market participants. The JSE extended an invitation in March 2019 to market participants to submit their comments, support and/or object to the envisaged COT Report that the JSE would like the Financial Sector Conduct Authority (FSCA), on behalf of the industry, to introduce in the SA grain market. The JSE market participants have put their proposal in writing for the FSCA's consideration. A number of consultations in the form of workshops, advisory meetings, and market notices have been going on over the past couple of years and documents capturing these developments are available separately. Comments were received from market participants. The FSCA is currently in discussions with the JSE on how best to implement the COT report which market participants have requested.

With regards to the OTC Derivatives market, 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 licensed and licensed external FMI. The FMA as enabling legislation provides for the regulation and supervision of financial markets including the OTC derivative markets and related Market Infrastructures, such as clearing houses, central counterparties and Trade Repositories, necessary for the implementation of G20 requirements. 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 final Ministerial Regulations issued in terms of the FMA on 9 February 2018 address: - requirements with which a central securities depository ("CSD") must comply for approval of an external CSD as a participant for the purposes of establishing links and requirements for establishing that link. - Assets and resource requirements for certain market infrastructures (exchanges; central securities depositories, clearing houses and trade repositories); - requirements for applicants of CCP licence and licensed CCPs. Central Clearing is currently not mandated, reliance will be placed on incentives associated with central clearing of OTC derivatives such as capital requirements and CVA. The FMA regulations includes requirements for central reporting to licensed TRs or licensed external TRs, reporting will apply to all OTC derivatives asset classes once the FSCA issues the standards for reporting obligations. Regulatory capital requirements i.e. CVA are already effective for banks (since Q1 of 2013) The Prudential Authority and Financial Sector Conduct Authority are in the process of finalizing joint standards on margin requirements for OTC derivatives providers that will be applicable to specific market participants. The SA FSB has undertaken a gap analysis in respect of compliance with the IOSCO recommendations as outlined in its report on the Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011). The SA FSCA (formerly the FSB) consulted with the JSE on actions to be taken to close identified gaps. Proposed actions were implemented and the project was finalised.

Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

The Financial Sector Conduct Authority (FSCA) is currently in discussions with the JSE on how best to implement the COT report which market participants have requested.

FMA Regulations have been gazetted however full compliance is expected after joint standards on margin requirements for OTC derivatives providers are effective.

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date
The Financial Sector Conduct Authority (FSCA) is currently in discussions with the JSE on how best to implement the COT report which market participants have requested. The commencement date of the COT Reporting regime depends on whether or not this can be done through JSE Derivatives Rules or conduct standards. The Financial Sector Regulation Act came into effect 1 April 2018, on this date the Prudential Authority (PA) and the Financial Sector Conduct Authority (FSCA) were established. The PA and FSCA have issued joint standards and conduct standards in terms of the provisions of FSRA and the Financial Markets Act. The joint standards and conduct standards relate to licensing requirements for TRs and additional duties, Reporting obligations for OTC derivatives, Conduct requirements for authorised OTC derivatives providers, criteria for OTC derivatives providers. These standards have been finalised and are in force. The Authorities have published the Joint Standard on Margin Requirements and the effective date is 14 August 2021.
Relevant web-links: please provide web-links to relevant documents
https://www.jse.co.za/content/JSERulesPoliciesandRegulationItems/Financial%20Markets%20Act%2019%20of%202012.pdf https://www.fsca.co.za/Regulatory%20Frameworks/Documents%20for%20Consultation/Final%20Draft%20Joint%20Standard%20on%20Margin%20Requirements_Aug%202018.pdf http://www.treasury.gov.za/otc/41433_9-2_NationalRegulation_DS.pdf https://www.jse.co.za/trade/derivative-market/commodity-derivatives http://www.treasury.gov.za/comm_media/press/2020/FINANCIAL%20MARKETS%20ACT%20REVIEW.pdf https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/PA-financial-sector-regulation/sector-regulation-joint-standards/2020/9975

IX21: Safeguarding financial markets integrity and efficiency - Reform of financial benchmarks

G20/FSB Recommendations

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 ongoing reporting of progress in this area by the FSB Official Sector Steering Group, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

X22: Enhancing financial consumer protection - Enhancing financial consumer protection
G20/FSB Recommendations

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)

Remarks

Jurisdictions should describe progress toward implementation of the OECD's [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may refer to OECD's [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles, as well as the [G20/OECD Policy Guidance on Financial Consumer Protection in the Digital Age](#), which provides additional effective approaches for operating in a digital environment. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation. In the case of private pensions, additional guidance can be found in the [Good Practices on the Role of Pension Supervisory Authorities in Consumer Protection Related to Private Pension Systems](#).

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date:
Implementation ongoing
Progress to date: If you have selected "Not applicable" or "Applicable but no action envisaged at the moment" - please provide a brief justification
Progress to date: If you have selected "implementation ongoing" - please specify
Final rule (for part of the reform) in force
Progress to date: please provide a date for your "implementation ongoing" status
The Financial Sector Regulation Act was enacted 21 August 2017 and came into effect 1 April 2018.
Progress to date: If you have selected "Implementation completed" - please provide date of implementation
Progress to date: issue is being addressed through
Primary / Secondary legislation - Yes
Regulation / Guidelines - Yes
Other actions (such as supervisory actions) - No
Progress to date: short description of the content of the legislation/regulation/guideline/other actions
Financial Sector Regulation Act is a move to a "twin peaks" model of financial regulation. The Financial Sector Regulation Act was enacted 21 August 2017, formally establishing a prudential regulator and financial sector conduct regulator, with increased scope of jurisdiction and powers. Conduct of Financial Institutions Bills The legal framework within which the new conduct regulator will operate is being strengthened and a single, integrated law for market conduct in the financial sector in South Africa will be introduced (Conduct of Financial Institutions Bill). This will provide for: (i) The fair treatment of customers by financial institutions, (ii) Promoting and enhancing the integrity of the financial system.
Progress to date: if this recommendation has not yet been fully implemented, please provide reasons for delayed implementation

Update and next steps: highlight main developments since 2019 survey

Update and next steps: planned actions (if any) and expected commencement date

Draft Conduct of Financial Institutions Bill was published for comment December 2018. Conduct of Financial Institutions Bill tabled 2019 Implementation of new conduct act (overlapping sectoral law repealed), overhaul subordinate regulation. COFI Bill was published for comments again in 2020.

Conduct Standards for consumer financial education will be drafted during 2019 and 2020.

Relevant web-links: please provide web-links to relevant documents

<http://www.treasury.gov.za/twinpeaks>

<http://www.treasury.gov.za/legislation/acts/2017/Act%209%20of%202017%20FinanSectorRegulation.pdf>

<http://www.treasury.gov.za/twinpeaks/Regulations%20in%20terms%20of%20FSR%20Act.pdf>

[https://www.fsca.co.za/Regulatory%20Frameworks/Temp/FSCA%20Communication%2037%20of%202020%20\(GENERAL\).pdf](https://www.fsca.co.za/Regulatory%20Frameworks/Temp/FSCA%20Communication%2037%20of%202020%20(GENERAL).pdf)

List of abbreviations used

List of abbreviations used

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