

Jurisdiction: <i>South Africa</i>
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2017 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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I. Hedge funds					
1 (1)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds. (Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>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 take place every 2-3 years henceforth (i.e. in 2019 or 2020).</p>		

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2 (2)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	<p>Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.</p> <p>In addition, jurisdictions should state whether they are:</p> <ul style="list-style-type: none"> - Signatory to the IOSCO MMoU 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. <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <ul style="list-style-type: none"> <input type="checkbox"/> Draft in preparation, expected publication by: <input type="checkbox"/> Draft published as of: <input type="checkbox"/> Final rule or legislation approved and will come into force on: <input type="checkbox"/> Final rule (for part of the reform) in force since: <p><input checked="" type="checkbox"/> Implementation completed as of: 2015</p> <p>Issue is being addressed through:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: 2015-MoUs included in accordance with Final regulations issued on 2015 with a Ministerial (Minister of Finance) declaration of Hedge funds as Collective Investment Schemes South Africa cooperates fully with international institutions, such as the Financial Stability Board, and awaits any further guidance on issues relating to the regulation of cross-border institutions and groups. 	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The MoUs were concluded in accordance with the Financial Services Board Act, which permits disclosure of information obtained in performance of any act/power in terms of the Acts administered by the FSB. To afford the necessary protection to the information exchanged in terms of the MoUs, provision has been made to ensure that the use of the information is restricted to achieving the supervisory and regulatory objectives of the regulators and that confidentiality is maintained at all times.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO Principles Regarding Cross-border Supervisory Cooperation. MoU with FSB-ESMA-Europa http://www.esma.europa.eu/system/files/201487_mou_with_fsb_south_africa.pdf</p>	

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3 (3)	Enhancing counterparty risk management	<p>Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)</p> <p>Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)</p>	<p>Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.</p> <p>In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO Report on Hedge Fund Oversight (Jun 2009).</p> <p>In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III, since it is monitored separately by the BCBS.</p> <p>Jurisdictions can also refer to Principle 28 of the 2010 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 1 April 2015: Counterparty risk management requirements are imposed through the Hedge Funds regulations.</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify: The Finance Minister declared Hedge Funds a Collective Investment Scheme on 25 February 2015. On 06 March 2015, the regulator, the Financial Services Board released the final regulations to be effective on 01 April 2015. Also on the 1 April 2015: Counterparty risk management requirements are imposed through the Hedge Funds</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>regulations. This was preceded by the release of the draft Regulations and a related Explanatory memorandum for hedge funds on 16 April 2014 from the NT for public comment. These draft Regulations propose a framework for regulating hedge funds in South Africa. Based on comments, final amendments were made to the regulations. Meetings with the Receiver of Revenue and National Treasury were also concluded for necessary amendments to be made to the Income Tax Legislation to facilitate the conversion and implementation of Hedge Funds as Collective Investment Schemes</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Enhancing counter party risk management for Hedge Funds has been included in the Hedge Funds regulations that are now law from 01 April 2015. From a bank sector perspective, banking institutions with exposures to Hedge Funds are required to manage such exposures in line with sound risk management processes. In addition to regulatory data provided to the supervisor, banking legislation provides sufficient powers for the bank regulator to obtain information relating to such exposures whenever it is deemed necessary. South Africa has finalised the Hedge Fund regulations that capture and strengthen the regulation of hedge fund counterparty risk, especially for Retail Hedge Funds.</p> <p>Highlight main developments since last year's survey:</p>	

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				<p>Web-links to relevant documents: http://ntintranet/legislation/acts/2002/Gazette%2038540%20-%20Hedge%20fund%20notice%20and%20others.pdf</p>	

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II. Securitisation					
4 (4)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)	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 take place every 2-3 years henceforth (i.e. in 2019 or 2020).		

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5 (5)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)	<p>Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.</p> <p>Jurisdictions may reference IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: Solvency Assessment and Management (SAM) will be implemented end 2017 subject to parliamentary processes. SAM's prudential requirements are under consultation.</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: Retirement Funds effective 1 July 2011</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Under the Twin Peak Framework: South African authorities continue to closely monitor the development of complex financial products. The envisaged new Market Conduct regulator will take an active interest in this area as part of the</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>The SA FSB will continue with the initiatives highlighted in the previous column. The SA FSB is continuously monitoring compliance with existing requirements</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Solvency Assessment and Management(SAM) will be implemented end 2017 through the enactment of the Insurance Bill (2016), that was tabled in Parliament in January 2016. The Bill is subject to Parliamentary processes and procedures. In addition: Under the Twin Peak Framework: South African authorities continue to closely monitor the development of complex financial products. The envisaged new Market Conduct regulator will take an active interest in this area as part of the mandate to protect consumers and also to contribute towards financial stability</p> <p>Web-links to relevant documents:</p> <p>http://ntintranet/legislation/Bills/2016/ / http://www.treasury.gov.za/twinpeaks</p>

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				<p>mandate to protect consumers and also to contribute towards financial stability.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Insurance: The existing requirements for insurers that originate or invest in structured products are sufficiently robust, but will be reconsidered in developing the new Solvency Assessment and Management (SAM) regime. The existing requirements relate to limitations on the type and spreading of assets, limitations on derivatives trading, parameters for the valuation of group undertakings and capital requirements that requires the consideration of market and credit risk. Retirement funds Regulation 28 regulations sets out limits on the amount and the extent to which a retirement fund may invest in particular assets, e.g. equities.</p> <p>Highlight main developments since last year's survey:</p> <p>Solvency Assessment and Management(SAM) will be implemented end 2017 through the enactment of the Insurance Bill (2016), that was tabled in Parliament in January 2016. The Bill is subject to Parliamentary processes and procedures. SAM's prudential requirements are under consultation.</p> <p>Web-links to relevant documents:</p> <p>Retirement funds: http://www.treasury.gov.za/public%20comments/Explanatory%20memorandum%20to%20draft%20regulation%2028.pdf</p>	
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6 (6)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures 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.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: Financial Sector Regulation Bill has been passed in Parliament . The implementation date will be finalised as the President signs the Bill subject to transitional arrangements.</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: In JSE Debt Listing Requirements-effective as 1 January 2017</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>As part of its implementation of a new outcomes based market conduct regulatory</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>The Financial Services Board, South Africa's non-bank financial regulator – has implemented a process to strengthen the reporting of information on securitised products and underlying assets as well as improved disclosure of all complex financial products. New regulations may be required to enforce the matter and will be developed to this end as part of the move to a twin peaks approach.</p> <p>Planned actions (if any) and expected commencement date:</p> <p>2017 Financial Sector Regulation Bill is enacted in Parliament. 2017 Financial Sector Conduct Authority established & operational (including with enhanced powers). Draft Conduct of Financial Institutions Bill published for comment. Conduct of Financial Institutions Bill tabled in 2017 2018 Implementation of new conduct act (overlapping sectoral law repealed), overhaul subordinate regulation</p> <p>Web-links to relevant documents:</p>

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				<p>framework entitled “Treating Customers Fairly”, the Financial Services Board has set up a multi-stakeholder task group to review product disclosure practices across all regulated financial services sectors and products. From the recommendations included in the IOSCO Report on Principles for On-going Disclosure for Assets backed securities (Nov) 2012, the South African Financial Service Board has benchmarked the JSE listing requirement to the recommendations. Collective Investment Schemes: Under the new Legislation once the Twin Peak Regulatory Framework is in place, the extent and nature of required disclosure to CIS investors will be determined.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Financial Sector Regulation Bill has been passed in Parliament. The President will assent the Bill and the implementation date will be finalized subject to transitional arrangements. The JSE amended the JSE Debt Listings Requirements (the “Debt Requirements”) on 23 September 2016 to include a section on standardised disclosure of underlying assets in the Asset-Backed Securities-effective as 1 January 2017.</p> <p>Web-links to relevant documents:</p> <p>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.p</p>	

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				<p>df https://www.fsb.co.za/Departments/capital Markets/Documents/Board%20Notice%20160%20of%202016.pdf https://www.fsb.co.za/Departments/capital Markets/Documents/The%20Amended%20JSE%20Debt%20Listing%20Requirements%20(the%20Amendment%20Schedule).pdf</p>	

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III. Enhancing supervision					
7 (7)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (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.</p> <p>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.</p> <p>See, for reference, the following documents:</p> <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Jul 2013) • Framework for D-SIBs (Oct 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • Global Systemically Important Insurers: Policy Measures (Jul 2013) and revised assessment methodology (updated in June 2016) • IAIS SRMP guidance - FINAL (Dec 2013) 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: SAM will be implemented in early 2017. Solvency Assessment and Management (SAM) will be implemented in Jan 2017 through the enactment of the Insurance Bill (2016) that was tabled in Parliament in January 2016. The Bill is subject to Parliamentary processes and procedures.</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: 01.01.2016: The SARB issued Directive 5 of 2013, which focuses on the additional capital requirements for systemically important banks, referred to as D-SIBs. These capital add-ons came into effect 1 January 2016.</p> <p><input type="checkbox"/> Implementation completed as of:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>SAM as mentioned in previous columns will be implemented end 2017. The Financial Sector Regulation Bill that gives effect to a twin peaks model of financial regulation will increase the scope of regulatory application to all financial sector product and service providers, and will provide for conduct and prudential standards to be applied on these entities and persons.</p> <p>Web-links to relevant documents:</p> <p>For D5/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5686/01%20D5%20of%202013.pdf http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf http://www.treasury.gov.za/comm_media/press/2013/2013020102%20-%20Twin%20Peaks%2001%20Feb%202013.pdf</p>

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			<ul style="list-style-type: none"> • <i>Guidance on Liquidity management and planning (Oct 2014)</i> <p><u>FSB:</u></p> <ul style="list-style-type: none"> • <i>Framework for addressing SIFIs (Nov 2011)</i> 	<p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework. Insurance: The SA FSB currently requests insurance groups which may be of systemic importance to submit quarterly unaudited returns on a group wide basis. The SA FSB is further refining the reporting requirements for insurance groups.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework. Insurance: The SA FSB currently requests insurance groups which may be of systemic importance to submit quarterly unaudited returns on a group wide basis. The SA FSB is further refining the reporting requirements for insurance groups. The SA FSB and the SARB’s Bank Supervision Department (BSD) have made a clear distinction in respect of the respective responsibilities for group wide supervision – in particular those financial conglomerates for which the BSD is the lead regulator and those for which the SA FSB is the lead regulator. Information and findings are also shared on a regular basis and formal meetings between the respective</p>	

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				<p>executives take place quarterly. The supervisory powers of the SA FSB will be further enhanced in the legislation that will give effect to the Solvency Assessment and Management (SAM) project in 2017, which also aligns local insurance legislation with the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors and to specifically address areas for improvement of the legislative framework highlighted in the IMF/World Bank assessment of South Africa's compliance with ICPs in 2014. These proposals, amongst others, provide for measures on governance, risk management, internal controls and group supervision. The proposals further include a clear definition of an insurance group and the approach to calculating the financial condition of the group. The legislation provides that the same remedial action that can be taken against a solo entity will also apply to an insurance group.</p> <p>Highlight main developments since last year's survey:</p> <p>The Insurance Bill, 2016 was tabled in Parliament in January 2016. The Bill is subject to Parliamentary processes and procedures.</p> <p>Web-links to relevant documents:</p> <p>For D5/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5686/01%20D5%20of%202013.pdf http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf http://www.treasury.gov.za/comm_media</p>	

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				/press/2013/2013020102%20-%20Twin%20Peaks%	

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8 (8)	Establishing supervisory colleges and conducting risk assessments	<p>To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)</p> <p>We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)</p>	<p>Reporting in this area should be undertaken solely by home jurisdictions of global systemically important insurers (G-SIIs). The BCBS is separately monitoring implementation progress in this area with respect to banks.</p> <p>Please indicate the progress made in establishing and strengthening the functioning of supervisory colleges for G-SIIs, including the development of any joint supervisory plans within core colleges and leveraging on supervisory activities conducted by host authorities.</p> <p>See, for reference, the following IAIS documents:</p> <ul style="list-style-type: none"> • ICPs 24 and 25, especially guidance 25.1.1 – 25.1.6, 25.6, 25.7 and 25.8 • Application paper on supervisory colleges (Oct 2014) 	<p><input checked="" type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>No G-SIFIs</p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Highlight main developments since last year’s survey:</p> <p>Web-links to relevant documents:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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9 (9)	Supervisory exchange of information and coordination	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2010 through MoUs, IAIS MMoU(2016) and bilaterals</p> <p>Issue is being addressed through:</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: South Africa fully cooperates with all international initiatives on coordination through the Financial Stability Board, OECD, FATF, IMF, World Bank, IOSCO, IAIS, IOPS, and similar bodies. The South African non-bank regulator has also signed the Multilateral Memoranda of Understanding (e.g.</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>South Africa will, as part of the twin peaks implementation process, establish the Council for Financial Regulators which will focus on ensuring appropriate regulatory and supervisory co-ordination between domestic financial regulators.</p> <p>Web-links to relevant documents:</p>

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				<p>IOSCO) and concluded bilateral MoUs with other domestic regulators for the exchange of information and the enhancement of cooperation between regulators. IOSCO and IAIS have formed task groups mandated to look specifically into the issue of supervisory cooperation by securities regulators. In a similar fashion, the bank supervisor has entered into numerous MoU's with other jurisdictions' regulators. A complete list is available in Bank Supervision's (BSD's) Annual Report. South Africa will, as part of the twin peaks implementation process, establish the Council for Financial Regulators which will focus on ensuring appropriate regulatory and supervisory co-ordination between domestic financial regulators.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Insurance: South Africa is a signatory to the IAIS Multilateral Memoranda of Understanding-signed in November 2016. The South African Financial Services Board participated in the IAIS Self-Assessment And Peer Review on ICPS 1,2 and 23 and submitted the report to the FSB in July 2012. The Financial Services Laws General Amendment, 2013 further enhanced the general information sharing provisions in existing legislation. The current quarterly meetings between the two major regulators, viz. the SARB and FSB, are underpinned by a duly signed off MoU. Furthermore, the Financial Sector Regulation Bill (2013) has</p>	

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				<p>provisions that deals specifically with cooperation, coordination and exchange of information between regulators and proposes two mechanisms, namely, the FSOC and Council of Financial Regulators, through which to effect this coordination and exchange of information. The 2014 ROSC assessment of the FSB-SA's compliance with the IAIS ICPs found the SA FSB observed in respect of ICPs 3 and 25.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: http://ntintranet/legislation/bills/2012/FSL/ https://www.iaisweb.org/page/supervisory-material/mmou-signatories/</p>	

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10 (10)	Strengthening resources and effective supervision	<p>We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)</p> <p>Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)</p> <p>Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)</p>	<p>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).</p> <p>Jurisdictions should also indicate any steps taken or envisaged in terms of resources/expertise, supervisory measures and/or regulation to strengthen the oversight of risks associated with financial innovation (FinTech).</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: A draft Conduct of Financial Institutions Bill is expected for publication for comment on second half of 2017</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: Financial Sector Regulation Bill has been passed in Parliament 22 June 2017. The implementation date will be finalised as the President signs the Bill.</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Organisational structures are in place in South Africa include the establishment of separate divisions</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>2017 Financial Sector Regulation Bill is enacted in Parliament. 2017 Financial Sector Conduct Authority established & operational (including with enhanced powers). Draft Conduct of Financial Institutions Bill published for comment by the second half 2017. Conduct of Financial Institutions Bill will be tabled end of 2017 2018 Implement new conduct act (overlapping sectoral law repealed), overhaul subordinate regulation</p> <p>Web-links to relevant documents:</p> <p>http://www.treasury.gov.za/twinpeaks</p>

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				<p>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). A multiple career path strategy was put in place in 2013, which is directly linked to performance management, as well as an academy for staff development in specific risk areas. Supervisory staff is classified in the specialists career category and are remunerated differently from other career ladders. 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.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>South Africa is moving to a "twin peaks" model of financial regulation. The "Financial Sector Regulation" Bill was tabled in Parliament in 2015. The Bill was passed in Parliament. Once enacted, this Bill will formally establish a prudential regulator and financial sector</p>	

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				<p>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:</p> <ul style="list-style-type: none"> • The fair treatment of customers by financial institutions • Promoting and enhancing the integrity of the financial system. <p>The first draft of this legislation is expected to be published for comment by second half of 2017.</p> <p>Highlight main developments since last year's survey:</p> <p>The Financial Sector Regulation Bill has been passed in Parliament- 22 June 2017. The President will assent the Bill and the implementation date will be finalized subject to transitional arrangements. Conduct of Financial Institutions: A discussion document setting out considerations for a new market conduct policy framework was published at the end of 2014 and consulted on during 2015. This prefaces the introduction of the new Conduct of Financial Institutions Bill.</p> <p>Web-links to relevant documents:</p> <p>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</p>	

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IV. Building and implementing macroprudential frameworks and tools					
11 (11)	Establishing regulatory framework for macro-prudential oversight	<p>Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)</p> <p>Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: November 2016</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: South Africa is currently reviewing legislation on information gathering. The preliminary outcome of the review indicates that the Banking Supervisor has sufficient powers to gather relevant information. However, legislation compels the Supervisor to keep this information confidential, as it</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>should be. Consideration is being given to whether or not these powers should be extended to other regulators, or if the information sharing responsibilities of the supervisor should be increased, under certain circumstances. The Financial Services Board can request any information from its regulated entities. In respect of securities, any operational risks that may cause a systemic risk will be addressed by the Financial Sector Contingency Forum (FSCF). This is a forum that is represented by, amongst others, the SA Reserve Bank, Financial Services Board and the SROs. The Financial Stability Oversight Committee also plays a major role in coordinating financial stability related issues. This is an interagency Committee comprising of the SARB, FSB, and SA National Treasury. The FSB has wide powers to secure and share information. South Africa has also recently participated in the IAIS self-assessment and peer review exercise on ICPs 1 And 2: Mandate and Supervisory Powers. The initial assessment has shown that these ICPs are largely observed. The above developments have been complemented by the submission to Parliament of the Financial Sector Regulation Bill (FSRB) , which is currently under consideration by Parliament.. In terms of macro-prudential oversight in the FSRB , the SARB will oversee macro-prudential oversight of the financial system. The FSRB has provisions in Chapter 2 that provides the SARB</p>	

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				<p>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, the SARB is at an advanced stage, it has releasing a discussion document to the public for comments entitled Macprudential Policy Framework.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Reference: Financial Sector Regulation Bill (FSRB) chapter 2</p> <p>Highlight main developments since last year's survey:</p> <p>The FSRB has been passed in Parliament-22 June 2017. The final implementation date will be finalized once the President signs the Bill. Furthermore, during November 2016, the SARB released a Macprudential Policy Framework discussion document for public comment.</p> <p>Web-links to relevant documents:</p> <p>See section 22 of the Financial Services Board Act, 1990 at http://www.fsb.co.za/legislation http://www.treasury.gov.za/public%20comments/FSR2014/2014%2012%2011%20FSRB%20including%20Consequential%20Amendments%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=</p>	

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12 (12)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p> <p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.</p> <p>Please indicate the use of 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.</p> <p>See, for reference, the following documents:</p> <ul style="list-style-type: none"> • 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 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: 2015</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify: The Financial Stability Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential tools to analyse the financial services sector. Improvement of the existing tools and the development of new ones are ongoing. The South African Reserve Bank has also elevated its Financial Stability Committee to a higher level to</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>The Financial Sector Regulation Bill will enhance the system-wide monitoring and the use of the macro-prudential instruments. The draft Ministerial regulations together with the accompanying Registrar’s notices were published for the third round of public consultation on the 21st of July 2016. The deadline for comments was the 31st August 2016.</p> <p>Web-links to relevant documents:</p>

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			<p><i>Policies: Lessons from International Experience (Aug 2016)</i></p> <ul style="list-style-type: none"> • CGFS report on <i>Experiences with the ex ante appraisal of macroprudential instruments (Jul 2016)</i> • CGFS report on <i>Objective-setting and communication of macroprudential policies (Nov 2016)</i> 	<p>facilitate the implementation of macroprudential policy tools. The National Treasury and Financial Services Board are currently investigating ways to regulate OTC derivatives. To this end, a number of provisions have been enabled in the Financial Markets Act. Further, a Working Group consisting of SARB, BASA, NT, JSE, FSB has agreed to a phased approach and has drafted a consultative paper for Phase 1 to seek market participants' views in this regard. Phase 1 is at an advance stage at this point. In the meantime the Pensions department at the FSB in consultation with National Treasury has drafted guidelines for retirement funds regarding the use of derivatives under Regulation 28. The guideline is in the form of a draft Notice to Regulation 28 that will be issued for public comment. The Financial Stability Department of the SARB is investigating a list of possible macroprudential instruments. The list of policy instruments and potential indicators are adopted from the BIS report on "Operationalising the Selection and Application of Macroprudential Instruments (December 2012)". The instruments are classified as capital-based instruments, (countercyclical capital buffer, sectoral capital requirements and dynamic provisions); Liquidity-based instruments (countercyclical liquidity requirements, margins and haircuts in the markets) Asset-side instruments (LTVs and DTIs). The Department is also studying a</p>	

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				<p>number of indicators using South African data to assess the information content of these indicators in identifying build-ups of imbalances in the financial system.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>South African banks' leverage ratios are well within the prescribed Basel III requirements. South African authorities are undertaking work on its legislative framework to address leverage ratios and capital requirements, in line with BCBS proposals. The Financial Stability Unit of the Bank Supervision Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential tools to analyse the financial services sector. Improvement of the existing tools and the development of new ones are ongoing. The South African Reserve Bank has also elevated its Financial Stability Committee to a level commensurate with the Monetary Policy Committee, to facilitate the implementation of macroprudential policy tools. On 3 June 2013, the FMA, which repealed the Securities Services Act No. 36 of 2004 (SSA), came into force. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements The proposed ministerial regulations for unlisted over-the-counter derivatives were first published for public comment on 4 July 2014. The draft ministerial regulations together with the</p>	

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				<p>accompanying registrar’s notices were now published for a third round of public consultation on the 21st of July 2016. The deadline for comments is the 31st of August 2016.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Financial Sector Regulation Bill will enhance the system-wide monitoring and the use of the macro-prudential instruments. On 3 June 2013, the FMA, which repealed the Securities Services Act No. 36 of 2004 (SSA), came into force. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements The proposed ministerial regulations for unlisted over-the-counter derivatives were first published for public comment on 4 July 2014. The draft Ministerial regulations together with the accompanying Registrar’s notices were published for the third round of public consultation on the 21st of July 2016. The deadline for comments was the 31st August 2016.</p> <p>Web-links to relevant documents:</p>	

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V. Improving oversight of credit rating agencies (CRAs)					
13 (13)	Enhancing regulation and supervision of CRAs	<p>All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)</p> <p>National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.</p> <p>CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.</p> <p>The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)</p> <p>Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance</p>	<p>Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:</p> <ul style="list-style-type: none"> • Code of Conduct Fundamentals for Credit Rating Agencies (Mar 2015) (including on governance, training and risk management) <p>Jurisdictions may also refer to the following IOSCO documents:</p> <ul style="list-style-type: none"> • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) • Final Report on Supervisory Colleges for Credit Rating Agencies (Jul 2013) <p>Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of:</p> <p>The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation:</p> <p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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		<p>obligations for CRAs) as early as possible in 2010. (FSB 2009)</p> <p>We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)</p>		<p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Regulatory oversight has commenced and on-going supervision is being instituted according to a documented supervisory plan</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A new department (Credit Rating Services Department) has been set up in the Financial Services Board. The department was established on 1 April 2013 and is mandated to oversee the implementation of the Credit Rating Services Act, 24 of 2012, and to supervise and regulate the registered credit rating agencies going forward. The Credit Rating Services Act is the regulatory framework for credit rating services, providing for: I. the registration of credit rating agencies; II. the control of certain activities of credit rating agencies; III. conditions for the issuance of credit ratings; IV. rules on the organisation and conduct of credit rating agencies, and for matters connected herewith. The Act has taken into account, • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) • Principle 22 of Principles and Objectives of Securities Regulation (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</p>	

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				<p>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</p>	

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				<p>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.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents: www.fsb.co.za, Credit Rating Services, legislation</p>	

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14 (14)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p> <p>We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and</p>	<p>Jurisdictions should indicate the steps they are taking to address the recommendations of the May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings, including by implementing their agreed action plans. Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.</p> <p>Jurisdictions may refer to the following documents:</p> <ul style="list-style-type: none"> • FSB Principles for Reducing Reliance on CRA Ratings (Oct 2010) • FSB Roadmap for Reducing Reliance on CRA Ratings (Nov 2012) • BCBS Consultative Document Revisions to the Standardised Approach for credit risk (Dec 2015) • 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 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of:</p> <p>The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013.</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A new department has been set up in the Financial Services Board called Credit</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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		<p>competition among credit rating agencies. (Los Cabos)</p> <p>We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)</p>	<p><u>the Use of External Credit Ratings (Dec 2015).</u></p>	<p>Rating Services Department (CRSD). The department was established on 1 April 2013 and is mandated to oversee the implementation of the Credit Rating Services Act, 24 of 2012, and to supervise and regulate the registered credit rating agencies. The Credit Rating Services Act is the regulatory framework for credit rating services, providing for:</p> <p>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</p>	

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				<p>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</p>	

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				<p>include criteria in terms of objectivity, independence, international access, disclosure, resources and credibility</p> <p>Highlight main developments since last year's survey:</p> <p>The CRSD continues to make progress with ESMA with regard to their review and assessment of assessing the equivalence of legislation and the finalising of a MoU between the parties. The department anticipates that the on-going dialogue with ESMA will culminate in the conclusion of bilateral links which will effectively facilitate cross-border cooperation, enforcement and the exchange of information on CRAs.</p> <p>Web-links to relevant documents:</p>	

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VI. Enhancing and aligning accounting standards					
15 (15)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	<p>Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are 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.</p> <p>Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx.</p> <p>As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment <i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing: <i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: 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 is also an explicit listings Requirement for Listed companies to comply with IFRS (as issued by</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>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.</p> <p>Web-links to relevant documents:</p> <p>http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf</p>

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			<p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • <u>Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)</u> • <u>Guidance on credit risk and accounting for expected credit losses (Dec 2015)</u> 	<p>the IASB)with respect to compliance on explicit listings requirement for listing companies to complying with IFRS: 1. The auditor of every listed company must be registered with IRBA and accredited with the JSE 2. All Annual Financial Statement (AFS) must be audited 3. In April 2011 the Johannesburg Stock Exchange (JSE) implemented a system of proactive monitoring of AFS to ensure compliance with IFRS. Through this process the AFS of every listed company will be reviewed at least once every 5 years. Therefore through this process we are also checking for the consistent application of IFRS. 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 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</p>	

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				<p>relates to a consistent understanding of accounting standards, JSE sits on the technical accounting body with SAICA, the Accounting Practices Committee (APC). Through this process JSE comments on proposed changes to IFRS, but would also discuss any issues within the standard that appear to lack clarity. These discussions take place with the view to making requests to the IASB to change the standards/ issue interpretations. As part of that process agenda request items are circulated to the national standard setters for their comments (i.e. to determine if they have a similar concern). If a matter is found to be a local issue only, historically the Accounting Practice Board (APB) would issue a local interpretation. 8. In terms of regulation 3 of the Regulations relating to Banks, unless expressly otherwise provided by the Banks Act, 1990, or the 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</p>	

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				<p>by banks to ensure compliance. 10. Bank Supervision Department is also represented on other accountancy bodies such as the South African Institute of Chartered Accountants and the Independent Regulatory Board for Auditors.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Pensions: The regulator has prescribed Regulatory Reporting Requirements for retirement funds in consultation with SAICA and IRBA as retirement funds can currently not comply with all the requirements of IFRS. However it is anticipated that retirement funds will in future be required to comply with IFRS</p> <p>Legislation requires insurers to have audited financial statements and annual returns. Financial statements must comply with IFRS. Insurance: Legislation requires insurers to have audited financial statements and annual returns. Financial statements must comply with IFRS. In respect of assets, insurers already are fully IFRS compliant and have been so since 2003. In respect of liabilities, elements are on fair value accounting – all liabilities excluding policy holder liabilities are accounted for on a fair value basis. Collective Investment Schemes: The Collective Investment Schemes Control Act, No 45 of 2002 (“CISCA”) requires a manager to maintain accounting records and prepare annual financial statements in respect of itself and each of its collective investment schemes. The manager uses IFRS for its own financial statements. The Registrar has begun a process of determining applicable standards for collective investment schemes and</p>	

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				<p>portfolios as IFRS is not practical for collective investment schemes. The Registrar 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 IASB. Steps intended to foster transparent and consistent implementation of the new accounting requirements for recognition of expected credit losses. Within the banking sector the SARB has initiated an industry forum, consisting of the SARB, 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 is used to assist with implementation readiness and to debate technical aspects of the IFRS 9 requirements and BCBS guidance. This industry forum also has three sub-groups dealing with Policy related matters, modelling techniques and disclosure requirements. IRBA has also issued a guidance paper on the aspects to consider by auditors when auditing IFRS 9 ECL.</p> <p>Highlight main developments since last year's survey:</p> <p>On 11 March 2016, the Bank Supervision Department released a Guidance Note (G3/2016) on sound</p>	

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				<p>credit risk practices associated with the implementation and ongoing application of expected credit loss accounting frameworks. This followed the release in December 2015 of a supervisory guidance on the subject by the BCBS. In the Guidance Note, banks were requested to assess their current policies, procedures and practices against the principles contained in the BCBS document taking into account the nature, size, complexity and risk profile of their activities. Regarding measures for the appropriate application of fair value recognition, measurement and disclosure, the BSD is monitoring the implementation of IFRS 9 among banks due to differing approaches by banks on this matter.</p> <p>Web-links to relevant documents: http://www.ifrs.org/Use-around-the-world/Documents/Jurisdiction-profiles/South-Africa-IFRS-Profile.pdf</p>	

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VII. Enhancing risk management					
16 (16)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	<p>Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)</p> <p>National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)</p> <p>Regulators and supervisors in emerging markets² will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)</p>	<p>Jurisdictions should indicate the measures taken in the following areas:</p> <ul style="list-style-type: none"> • 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. <p>Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: Regulations relating to Basel III were effective since 1 January 2013</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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

² Only the emerging market jurisdictions that are members of the FSB may respond to this recommendation.

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		<p>We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)</p>	<p>requirements for CCPs), since these are monitored separately by the BCBS.</p>	<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>South African authorities engage with banks and other regulated financial institutions on an ongoing basis to ensure that their risk management practices are progressive and appropriate. South Africa has implemented the BCBS's 29 Core Principles for Effective Banking Supervision as well as the Basel 2 framework and Basel III. In a similar vein, compliance by the non-bank regulator with their respective Core Principles and Principles are at an acceptable level. The South African Reserve Bank (SARB) has introduced a Committed Liquidity Facility to assist banks in meeting the Liquidity Coverage Ratio (LCR). Regular on-site assessments of banks' liquidity management practices, models, appetite, policies, procedures, monitoring and planning take place as frequently as resources permits. A joint task team has been established between the bank regulator and non-banking regulator to consider the principles of conglomerates supervision. 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.</p>	

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				<p>Highlight main developments since last year’s survey:</p> <p>On developments on Corporate governance principles for banks, guidance notes have been issued by the bank regulator to the banking sector to sensitise them to international developments. The topic has been communicated to the boards of banks as the “flavour of the year” discussion for 2017 during meetings with Board of Directors. Practices on external and internal audit functions, as well as liquidity management processes have been embedded in supervisory practice since the release of the BCBS guidance papers.</p> <p>Web-links to relevant documents:</p> <p>www.resbank.co.za</p>	

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17 (17)	Enhanced risk disclosures by financial institutions	<p>Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)</p> <p>We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)</p>	<p>Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular 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.</p> <p>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</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input checked="" type="checkbox"/> Implementation completed as of: 07 January 2013 (For banks)</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: Insurance : As stated above, the SA FSB will introduce a new risk based capital regime (SAM). Under SAM, the Pillar 3 reporting and disclosure requirements will be enhanced in line with international best practices</p> <p>Banks: Guidance on best disclosure practices for banks on EL - Refer to response above on IFRS 9 industry forum, where disclosure</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>South Africa is continuously monitoring compliance. Insurance: The SA FSB will continue with the initiatives highlighted.</p> <p>Web-links to relevant documents:</p> <p>For D8/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5762/01%20D8%20of%202013.pdf. For C5/2014: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6198/C5%20of%202014.pdf http://www.fsb.co.za/Departments/cis/Documents/Board%20Notice%2092%20of%202014.pdf</p>

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			<p><i>accounting for expected credit losses (Dec 2015)</i></p>	<p>requirements are also debated and assessed in terms of what the requirements are. The SARB has not issued any specific requirements to ensure consistent disclosure and it remains managements’ discretion on how to disclose the minimum disclosure requirements as set out by IFRS 9.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Currently banks are required to report losses monthly, in line with the requirements of Basel II pillar 1, which are part of banking legislation. South Africa supports initiatives by the BCBS and elsewhere to improve the reporting standards. South Africa’s listed financial institutions are fully compliant with International Financial Reporting Standards (IFRS). Banks are being encouraged to comply with the principles of the EDTF “Enhancing the Risk Disclosure of Banks” document and their progress it being assessed through questionnaires and on-site visits to larger banks. The principles will be implemented in the domestic regulatory framework via guidances until it is fully adopted by the Basel Committee on Banking Supervision (BCBS). Banks: A directive (D8/2013) was issued in 2013, specifying templates for enhanced disclosure requirements by banks following the publication by the BCBS of its rules text related to disclosure “Composition of Capital Disclosure Requirements”. A further circular was issued in 2014 (C5/2014) clarifying which components of the minimum capital requirements are to be disclosed by banks. For Collective Investment</p>	

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				<p>Schemes, Board Notice 92 of 2014 came into effect on 1 May 2015 for detailed and strict Advertising, Marketing and Disclosure Requirements. SA is monitoring compliance with disclosure requirements as prescribed by Board Notice 92 of 2014.</p> <p>Highlight main developments since last year's survey:</p> <p>Web-links to relevant documents:</p> <p>For D8/2013: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/5762/01%20D8%20of%202013.pdf. For C5/2014: http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/6198/C5%20of%202014.pdf http://www.fsb.co.za/Departments/cis/Documents/Board%20Notice%2092%20of%202014.pdf</p>	

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VIII. Strengthening deposit insurance					
18 (18)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	<p>Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.</p> <p>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).</p> <p>In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance with the revised Core Principles:</p> <ul style="list-style-type: none"> • 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. 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input checked="" type="checkbox"/> Draft published as of: Resolution policy framework document published for comments 13 August 2015</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>The resolution bill currently being developed includes the establishment of an explicit deposit insurance scheme (DIS). High-level proposals on the</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>A further policy paper with more detail on the design features of the deposit guarantee scheme will be publicly issued towards the end of 2017. The drafting of the Special Resolution Bill is expected to be finalised by the end of 2017 and will incorporate the deposit guarantee scheme. While the Special Resolution Bill goes through the required approval processes, the SARB will establish an internal implementation committee that will be responsible for the development of the budgeting and plans for the establishment and operationalisation of the DIS. Plans will also have to be developed for getting the DIS’ systems in place, for ensuring banks are able to report on a single customer view basis and for raising public awareness. The budgeting and planning process in this regard is expected to commence in 2018.</p> <p>Web-links to relevant documents:</p>

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				<p>design features have been published in the discussion paper on the resolution framework in August 2015. The objective of this framework is to manage the failure of systemically important financial institutions (SIFIs) in a way that will mitigate any negative impact on South Africa's financial stability and minimise the macroeconomic cost. The final paper will form the basis for drafting the Special Resolution Bill (SRB) which is intended to, among other things, designate the SARB as the resolution authority, specify a scope and resolution objectives, provide an outline of the resolution powers and financial safety nets for vulnerable depositors.</p> <p>Highlight main developments since last year's survey:</p> <p>After the publication of the policy document, consultants were appointed to assist the National Treasury and SARB with the drafting of the Special Resolution Bill, which will include the deposit guarantee scheme.</p> <p>Web-links to relevant documents:</p> <p>http://www.treasury.gov.za/publications/other/RFFI/</p>	

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IX. Safeguarding the integrity and efficiency of financial markets					
19 (19)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.</p> <p>Jurisdictions should indicate the progress made in implementing the recommendations:</p> <ul style="list-style-type: none"> • 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). 	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: The Financial Sector Regulation Bill has been passed in Parliament -22 June 2017. The President will be required to assent to it and the implementation date will also have to be finalised.</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify: Based on the proposed Twin Peaks regulatory framework, market infrastructures will be subject to dual regulation</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>(Prudential and Conduct) . Not only will 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 proposed Twin Peaks regulatory and supervisory framework that is intended to enhancing regulatory oversight and ensuring the efficiency and integrity of the financial system, market infrastructure and financial institutions will be subject to prudential as well as business of conduct regulation.</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>A gap analysis was performed on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency. The SA FSB discussed the gaps with the JSE. Actions to be taken to close identified gaps were finalised. The JSE introduced on-exchange anonymous trading functionality in 2010 to limit the market impact costs related to large transactions. This feature allows for complete anonymity in the execution of large trades through hidden order functionality in the JSE’s existing central order book. 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</p>	

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				<p>the authority to disconnect users that operate electronic trading programs that behave against its regulations. Trades resulting from hidden orders are immediately published to the market once successfully matched.</p> <p>Highlight main developments since last year's survey:</p> <p>The Financial Sector Regulation Bill has been passed in Parliament. The President will be required to assent to it and the implementation date will also have to be finalised. The legislative process to enact the Bill is expected to conclude in 2017. A discussion document setting out considerations for a new market conduct policy framework was published at the end of 2014 and consulted on during 2015. This prefaces the introduction of the new Conduct of Financial Institutions Bill.</p> <p>Web-links to relevant documents:</p>	

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20 (20)	Regulation and supervision of commodity markets	<p>We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)</p> <p>We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)</p>	<p>Jurisdictions should indicate whether commodity markets of any type exist in their national markets.</p> <p>Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the update to the survey published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If "Not applicable" or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input type="checkbox"/> Draft in preparation, expected publication by:</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input type="checkbox"/> Final rule or legislation approved and will come into force on:</p> <p><input checked="" type="checkbox"/> Final rule (for part of the reform) in force since: Financial Markets Act, [No. 19 of 2012], G 36121, 3 June 2013 (FMA)</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>South Africa has made substantial progress in terms of enhancing its regulation of financial markets with the enactment of the Financial Markets Act which provides the legislative framework to enable South African Regulators to</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>Web-links to relevant documents:</p>

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>implement the G20 recommendations to reform the OTC derivatives market. These include for securities services that may be provided by an external FMI. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements. The proposed ministerial regulations were first published for public comment on 4 July 2014. The draft Ministerial regulations together with the accompanying Registrar’s notices were published for the third round of public consultation on the 21st of July 2016. The deadline for comments is the 31st August 2016. The cross-border nature of securities markets requires an appropriate regulatory framework that promotes the efficiency and competitiveness of the South African financial markets (as objects of the FMA) without significantly undermining their stability. The proposed regulations therefore also address:</p> <ul style="list-style-type: none"> • Requirements with which a central securities depository (“CSD”) must comply for approval of an external CSD as a participant. • The securities services to be provided by an external CSD and external clearing members. • Functions and duties that may be exercised by an external clearing house, CCP or external trade repository (TR). <p>Central Clearing Central Clearing is currently not mandated reliance will be placed on incentives associated with central clearing of OTC derivatives Reporting to TRs The reporting requirement will apply for all interest rate derivatives once the</p>	

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				<p>regulatory framework is in place. We anticipate other asset classes to be phased in over the following 12 months from thereon. Capital Capital requirements became effective for banks from Q1 2013, but with a CVA exemption for ZAR denominated OTC derivatives. Margin Capital requirements are in effect for banks, but not yet finalised for non-banks. Margin requirements will be imposed for OTC Derivatives transactions. These requirements will be scaled to cater for entities for whom a regulatory capital requirements regime is already in place (banks and insurers). Capital Markets: The SA FSB has undertaken a gap analysis in respect of compliance with the IOSCO recommendations as outlined in its report on the Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011). The SA FSB consulted with the JSE on actions to be taken to close identified gaps. Proposed actions were implemented and the project was finalised.</p> <p>Highlight main developments since last year's survey:</p> <p>South Africa has made substantial progress in terms of enhancing its regulation of financial markets with the enactment of the Financial Markets Act which provides the legislative framework to enable South African Regulators to implement the G20 recommendations to reform the OTC derivatives market. These include for securities services that may be provided by an external FMI. The FMA as enabling legislation provides for the regulation and supervision of the OTC derivatives</p>	

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>market and related Market Infrastructures, such as clearing houses and TRs, necessary for the implementation of G20 requirements. The proposed ministerial regulations were first published for public comment on 4 July 2014. The draft Ministerial regulations together with the accompanying Registrar's notices were published for the third round of public consultation on the 21st of July 2016. The deadline for comments was the 31st August 2016. The cross-border nature of securities markets requires an appropriate regulatory framework that promotes the efficiency and competitiveness of the South African financial markets (as objects of the FMA) without significantly undermining their stability.</p> <p>Web-links to relevant documents:</p>	

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (21)	Reform of financial benchmarks	We support the establishment of the FSB’s Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO’s Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)	Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO <i>Principles for Financial Benchmarks</i> .		

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X. Enhancing financial consumer protection					
22 (22)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	<p>Jurisdictions should describe progress toward implementation of the OECD’s <i>G-20 high-level principles on financial consumer protection (Oct 2011)</i>.</p> <p>Jurisdictions may also refer to OECD’s <i>September 2013 and September 2014 reports</i> on effective approaches to support the implementation of the High-level Principles. 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.</p> <p>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.</p>	<p><input type="checkbox"/> Not applicable</p> <p><input type="checkbox"/> Applicable but no action envisaged at the moment</p> <p><i>If “Not applicable“ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p><input checked="" type="checkbox"/> Implementation ongoing:</p> <p><i>Status of progress [for legislation and regulation/guidelines only]:</i></p> <p><input checked="" type="checkbox"/> Draft in preparation, expected publication by: a draft Conduct of Financial Institutions Bill is expected for publication for comment in the first half of 2017</p> <p><input type="checkbox"/> Draft published as of:</p> <p><input checked="" type="checkbox"/> Final rule or legislation approved and will come into force on: The Financial Sector Regulation Bill has been passed in Parliament. The President will assent the Bill and the implementation date will also be finalised subject to transitional arrangements.</p> <p><input type="checkbox"/> Final rule (for part of the reform) in force since:</p> <p><input type="checkbox"/> Implementation completed as of:</p> <p>Issue is being addressed through:</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions), please specify:</p>	<p>Planned actions (if any) and expected commencement date:</p> <p>2017 (i) Financial Sector Regulation Bill is enacted in Parliament. (ii) Financial Sector Conduct Authority established & operational (including with enhanced powers). Draft Conduct of Financial Institutions Bill published for comment. (iii) Conduct of Financial Institutions Bill tabled in 2017 2018 (i) Implementation of new conduct act (overlapping sectoral law repealed), overhaul subordinate regulation</p> <p>Web-links to relevant documents:</p> <p>http://www.treasury.gov.za/twinpeaks</p>

				<p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Financial Regulation Bill South Africa is moving to a “twin peaks” model of financial regulation. The “Financial Sector Regulation” Bill was tabled in Parliament in 2015. Once enacted, this Bill will formally establish 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. The first draft of this legislation is expected to be published for comment in the first half of 2017.</p> <p>Highlight main developments since last year’s survey:</p> <p>The Financial Sector Regulation Bill was tabled in Parliament 27 October 2015 and now has been passed in Parliament- 22 June 2017. The President will assent the Bill and the implementation date will be finalized subject to transitional arrangements. A discussion document setting out considerations for a new market conduct policy framework was published at the end of 2014 and consulted on during 2015. This prefaces the introduction of the new Conduct of Financial Institutions Bill, expected to be published for comment in 2017.</p> <p>Web-links to relevant documents:</p>	
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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				http://www.treasury.gov.za/twinpeaks	

XI. Source of recommendations

[Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)

[Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)

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

[St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)

[Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

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

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

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

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

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

XII. List of abbreviations used

AFS: Annual Financial Statements

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

CRA: Credit Rating Agencies

CRS: Credit Ratings Services

FAIS: Financial Advisory and Intermediary Services Act

FATF: Financial Action Task Force

FMB: Financial Markets Bill

FSCF: Financial Sector Contingency Forum

FSOC: Financial Stability Oversight Committee

FSRB: Financial Sector Regulation 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

ROSC: Reports on the Observance of standards and codes