



KPMG Regulatory Centre of Excellence

Be on the **inside**

[Important Links](#)

[Contact Us](#)

[Subscribe](#)

[Previous Editions](#)

KPMG in South Africa

Regulatory Updates for the week ended 23 February, 2018

FinWatch – A Weekly Newsletter

Find the latest edition of **FinWatch** which provides a gist of all regulatory developments impacting the financial services industry in South Africa.

- [Regulatory Developments](#)
- [Market Developments](#)
- [Accounting / Auditing Update](#)
- [The Inside Edge](#)

Regulatory Developments

South Africa Budget 2018

Some of the key highlights of the budget include:

The budget balances a number of key priorities including social investment and protection, economic investment and the need to stabilise the growth in public debt;

The budget deficit is projected to narrow from 4.3 per cent of GDP in 2017/18 to 3.5 per cent in 2020/21.

The fiscal framework reflects two major changes that followed the 2017 MTBPS: medium term expenditure cuts identified by a Cabinet subcommittee amounting to 85 billion ZAR, and an additional allocation of 57 billion ZAR for fee-free higher education and training.

The VAT rate will increase from 14 to 15 per cent from 1 April 2018

Increases in the general fuel levy and alcohol and tobacco excise duties will together raise revenue of 2.6 billion ZAR. Ad valorem excise duties for luxury goods, such as motor vehicles, will be increased;

The plastic bag levy, motor vehicle emissions tax and the levy on incandescent light bulbs will be raised to promote eco-friendly choices. A health promotion levy, which taxes sugary beverages, will be implemented from 1 April 2018. [Treasury](#)

For more information please see the Inside Edge below for a link to a summary of the Budget Speech.

The Division of Revenue Bill and the Appropriation Bill were tabled in parliament

The Division of Revenue Bill provides for equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2018/19 financial year, the determination of each province's equitable share and allocations to provinces, local government and municipalities from national government's equitable share and the responsibilities of all three spheres pursuant to such division and allocations. [Parliament](#)

Other African countries

The Public Finance Management Bill 2017 (Zambia)

The Public Finance Management Bill will provide the new institutional and regulatory framework for management of public funds. It is also set to strengthen accountability, oversight, management and control of public funds in the public financial management framework. [ZICA](#)

The Fintech and Innovation-driven Financial Services Regulatory Committee meeting (Mauritius)

The discussions of the Committee were centred on positioning Mauritius as a regional hub of sound repute in the field of fintech regulations by:

- Building an open and transparent regulatory regime for Fintech in Mauritius which encourages innovation;
- Exchanging information with other recognised regulatory authorities to contain any kind of illegitimate activities;
- Keeping cognisance of the best technological innovations and ensuring that Mauritius is at pace with the latest technological advancements in the Fintech ecosystem;
- In regulating blockchain-related activities, it will take into account the use of latest technology that will prevent hacking and other kind of frauds;
- Recognising the potential benefits of blockchain technology on the economy and society, and encouraging its development;
- Considering incentives to attract Fintech activities to Mauritius; and
- Reflecting on the possibility of establishing a sovereign fund in Mauritius to provide seed capital for the development of Fintech activities in the region. [FSC](#)

[To Top](#)

Market Developments

International

Results of the Semi-Annual FX Turnover Survey in October 2017 (UK)

In October 2017, 28 financial institutions active in the UK foreign exchange market participated in the twenty-sixth published semi-annual turnover survey for the Foreign Exchange Joint Standing Committee (FXJSC). The results of subsequent surveys will continue to be published at six-monthly intervals. Some of the key findings are as follows:

Average daily reported UK foreign exchange turnover¹ was \$2,380 billion per day in October 2017; 1% lower than April 2017, but 9% higher than a year earlier;

— The decrease was more than accounted for by a fall in FX spot turnover, down 4% from six months ago with average daily turnover of \$694 billion. FX swap turnover increased 2% to a turnover of \$1,183 per day, slightly offsetting the decrease in FX spot turnover.

[PRA](#)

FCA launches call for input on the use of technology to achieve smarter regulatory reporting (UK)

The consultation is a result of a proof of concept developed at TechSprint 2017, organised by the FCA and the Bank of England. The proof of concept is capable of making regulatory reporting requirements machine-readable and executable, thus enabling companies to create automated, straight-through processing of regulatory returns. The Call for Input outlines how this 'proof of concept' was developed and asks for views on how the FCA can improve this process. The paper also seeks feedback on some of the broader issues surrounding the role technology can play in regulatory reporting. [FCA](#)

Operation of the MoU with the Bank of England for market infrastructure (UK)

The Bank and the FCA held a consultation with Financial Market Infrastructures (FMIs) and reviewed their co-operation regarding market infrastructure in 2017. The authorities

concluded that the MoU's arrangements for co-operation remain effective, with appropriate co-ordination and no material duplication. Industry respondents acknowledged the efforts made on co-operation and emphasised its growing importance given the changing environment. The Bank and FCA remain committed to effective co-operation and staff will work together to take forward those suggested improvements identified by industry through joint industry working groups on issues of shared interest and representation at project boards. [FCA](#)

Update on Advice Compliance Report: Additional 21.4 million USD compensation paid to customers (Australia)

This compensation relates to advice identified in the ASIC March 2017 Report 515 Financial advice: Review of how large institutions oversee their advisers (REP 515). REP 515 outlined ASIC's observations and findings from its Advice Compliance Project. This additional compensation brings the overall compensation total for matters covered by REP 515 to 51.4 million USD. REP 515 reviewed advice compliance at AMP, ANZ, CBA, NAB and Westpac. In addition to reviewing the effectiveness of adviser oversight, the project reported on work being undertaken by these institutions to identify and compensate customers affected by non-compliant advice provided between 1 January 2009 and 30 June 2015. As reported in REP 515, at 31 December 2016, approximately 30 million USD had been paid (or offered to be paid) by the institutions to approximately 1,347 customers who had suffered loss as a result of advice failings by 97 high risk advisers identified at that time. [ASIC](#)

[To Top](#)

Inside Edge

Please [click here](#) for KPMG's 2018 Budget Speech Summary

Please [click here](#) to access the previous issues of the External edition of FinWatch

Michelle Dubois
Senior Manager, Africa Regulatory CoE
Email ID: Michelle.Dubois@kpmg.co.za

[Unsubscribe](#) | [Privacy](#) | [Legal](#)

You have received this message from KPMG in South Africa.

© 2018 KPMG Services Proprietary Limited, a South African company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity. All rights reserved.

kpmg.com/socialmedia



kpmg.com/app



