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KPMG in South Africa

Regulatory Updates for the week ended 24 August, 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.

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Regulatory Developments

Brokerage and Securities Markets

Draft joint standard on margin requirements for non-centrally cleared OTC derivative transactions

The Financial Sector Conduct Authority and the Prudential Authority, acting with the concurrence of the South African Reserve Bank, published a draft joint standard which prescribes margin requirements for non-centrally cleared over-the-counter derivative transactions in terms of the Financial Sector Regulation Act, 2017 (FSRA). The comments matrix, together with the draft statement of the need for, expected impact and intended operation of the joint standard and the notice inviting submissions as contemplated in the FSRA are also published with the draft joint standard. [SARB](#)

Banking

SARB Amendment Bill Tabled

The South African Reserve Bank Amendment Bill was tabled in Parliament. The proposed legislation was published for comment at the end of May 2018. It seeks to establish the state as the sole shareholder of the Reserve Bank's shares. The bill also aims to:

- Amend the South African Reserve Bank Act, 1989, so as to delete certain definitions;
- Insert a definition;
- Provide for the appointment of certain board directors by the Minister;
- Provide for the tenure of office of appointed directors;

- Deal with the filling of casual vacancies for appointed directors;
- Repeal certain sections;
- Give the Minister the power to appoint auditors of the Bank; and
- Give the Minister the power to make regulations relating to the appointment of appointed directors. [Sabinet](#)

Others

Economic and policy changes in Africa

At the Business Management Conference, the Deputy Governor of the South African Reserve Bank addressed the conference, exploring issues that face the economies of Africa. He spoke about the role of urbanisation, and how the cities of the future will be structured and managed amid economic and policy challenges in Africa. He stressed that there is a need for African municipalities to create the necessary fiscal space for the provision of spatial development, provision of infrastructure and educational cohesion programmes. In his opinion, the Central Banks in the region need to further focus on reducing both the volatility and the average level of inflation, the latter also remaining high by global standards. [SARB](#)

Other African Countries

Preamble for the Legal and Regulatory framework

The Bank of Ghana published the Preamble which talks about the powers vested in the Bank. According to the Preamble, the Bank of Ghana has the overall supervisory and regulatory authority in all matters relating to banking and non-banking financial business with the purpose of achieving a sound, efficient banking system in the interest of depositors and other customers of these institutions and the economy as a whole. The Preamble states that, the Bank of Ghana is charged with the responsibility of ensuring that the financial system is stable to ensure that it serves as facilitator for wealth creation, economic growth and development. [BOG](#)

Guidelines for accessing Real Sector Support Facility (RSSF)

At the Monetary Policy Committee meeting the Central Bank of Nigeria emphasised that there is a high need to increase the flow of credit to the significant sectors of the economy in order to sustain economic recovery. Deposit Money Banks (DMBs) will be incentivised to create direct affordable long-term bank credit in the growth producing sectors. The Central Bank of Nigeria will be targeting its focus on projects that will enhance Nigeria's Import Substitution Strategy. [CBN](#)

Market Developments

International

Campaign to grow awareness on pension scams

The Financial Conduct Authority (FCA) has launched a new campaign for the pension and financial services industry which aims to grow awareness of pension scams and the tactics that scammers use by encouraging savers to visit the FCA's ScamSmart website. [Link](#)

Tougher rules for peer-to-peer lending

The Financial Conduct Authority (FCA) proposed toughening up rules for loans offered by crowdfunding platforms to give consumers clear and accurate information and ensure they understand the risks. The FCA is also proposing more explicit requirements on what sort of systems and controls platforms must have to support the outcomes for investors that they are advertising. [Link](#)

Accounting /Auditing updates

Summary of the joint CMAC and GPF meeting available

The Capital Markets Advisory Committee (CMAC) and the Global Preparers Forum (GPF),

the investor and preparer advisory groups for the International Accounting Standards Board (Board), held their annual joint meeting. The following items and projects were discussed:

- The Board and the IFRS Interpretation Committee's recent technical activities;
- Targeted Standards Level Review of Disclosures project;
- Primary Financial Statements—EBITDA and unusual or infrequently occurring items;
- Primary Financial Statements—Improving the usefulness of disaggregation in the financial statements; and
- Business Combinations under Common Control. [IFRS](#)

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