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KPMG in South Africa

Regulatory Updates till for the week ended 22 February,2019

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](#)

Regulatory Developments

Others

Competition Commission Budget boost put on back burner

National Treasury has announced that it has set aside ZAR125 million for the Competition Commission to investigate cartels and anticompetitive behaviour. However, the commission will be given the money in FY21, once the economic development department completes its forensic investigation of previous irregularities in the commission. [Link](#)

Methodology to determine systemically important banks in South Africa

The South African Reserve Bank (SARB) has published a discussion paper titled 'A methodology to determine which banks are systemically important within the South African context aimed at soliciting comments on the methodology proposed for determining systemically important banks in South Africa. The methodology takes into account international guidance and best practice as well as the unique characteristics of the South African financial system. [Link](#)

Proposed amendments to the JSE listing requirements – Publication for comment

The Financial Sector Conduct Authority (FSCA) has published amendments to the JSE listing requirements for public comments. Some of the requirements amended are:

- Implementation of a tax incentive for investors through Venture Capital Companies (VCC) regime
- Definition of Venture Capital Companies
- Eligibility criteria for the Venture Capital Companies. [Board Notice Explanatory memorandum Amendment schedule](#)

Market Developments

International

FCA publishes Wholesale Insurance Brokers Market Study final report

The Financial Conduct Authority (FCA) has published the final report of its Wholesale Insurance Brokers market study which was launched in November 2017 to assess how competition was working in the sector. As per the report:

- FCA has not found evidence of significant levels of harm that merit the introduction of intrusive remedies
- London Insurance Market (LIM) is one of the largest global centres for placing and underwriting large-scale, complex commercial and specialty risk

Some areas of concerns were firms' management of conflicts of interest, the information firms disclose to clients and contractual agreements between brokers and insurers which, in a small number of cases, have the potential to limit competition. [Link](#)

ASIC welcomes new whistleblowing laws

ASIC has welcomed the passing of the Treasury Laws Amendment (Enhancing Whistleblower Protections) Bill 2018, approved by parliament. Some of the reforms were:

- Broaden the whistleblower definition to include both current and former employees, officers, and contractors, as well as their spouses and dependants, and anonymous disclosures
- Extend the protections to whistleblower reports that allege misconduct or an improper state of affairs or circumstances about any matter covered by financial sector law, as well as all Commonwealth offences punishable by imprisonment of 12 months or more;
- Create civil penalty provisions, in addition to the existing criminal offences, for causing detriment to (or victimising) a whistleblower and for breaches of confidentiality
- Provide protections for disclosures to journalists and parliamentarians in certain circumstances
- Provide whistleblowers with easier access to compensation and other remedies if they suffer loss
- Require all public companies, large proprietary companies, and corporate trustees of registrable superannuation entities to have a whistleblower policy.

[Link](#)

APRA welcomes IMF report on Australian financial system

The Australian Prudential Regulation Authority (APRA) welcomes the IMF's Financial Sector Assessment Program (FSAP) report on Australia. The IMF concluded:

- Australia benefits from a robust regulatory framework and that prudential supervision shows generally high conformity to international best practices, but with opportunities to strengthen practices further in some areas
- Bank capital requirements have been raised and applied more conservatively than minimum Basel standards, and Australian authorities have taken welcome steps to further strengthen the resilience of banks through stress testing programs
- Bank solvency appeared resilient to stress based on the IMF's own stress testing exercise with the results broadly in line with stress testing undertaken by APRA
- Policy action has lowered financial stability risks in the banking system through the introduction of stronger lending standards, including the temporary

restrictions on the growth of investor loans and the share of interest-only mortgage. [Link](#)

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