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KPMG in South Africa

Regulatory Updates till for the week ended 1 March, 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](#)
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Regulatory Developments

Others

Draft COFI Bill on Course

National Treasury revealed that a revised Draft Conduct of Financial Institutions Bill will be submitted to cabinet for approval towards the end of 2019. It is designed to provide for the setting up of a consolidated, comprehensive and consistent regulatory framework for the conduct of financial institutions. [Link](#)

Invitation for public comments on draft regulations on international financial transactions

National Treasury published draft regulations on international financial transactions and draft regulations on international financial transactions with a consultation paper prepared by the FIC that sets out the policy rationale for the draft regulations. The proposed regulations are aimed at enhancing the integrity of the country's financial system by continuing the fight against the criminal abuse of the financial system through money laundering, terrorist financing and the activities of organised crime syndicates. It seeks to improve the generation of quality financial intelligence information so as to assist investigating and prosecuting authorities, and to increase the chances of securing convictions. [Government Gazette](#), [Draft amendments](#), [Consultation paper](#)

Notice for extension: Over-the-counter derivatives

The Financial Sector Conduct Authority (FSCA) extended the submission period for Over-the-Counter Derivative providers application for further 75 days from 1 April to 14 June 2019. The FSCA will publish application instructions, an application index and capital adequacy calculation template ODP applicants are required to adhere to. [Link](#)

Presentation: Public Workshop on Conduct of Financial Institutions Bill

National treasury published a presentation showcased in the workshop on Conduct of Financial Institutions Bill. The presentation primarily talks about:

- Highlights about twin peaks reforms established in South Africa in FY18
- Improved market conduct in South Africa
- Proposed revised legal landscape
- COFI Bill principles

- Summary of all chapters of the bill
- FSCA's new approach. [Link](#)

Media Advisory: COFI Bill Workshop

National Treasury and the Financial Sector Conduct Authority (FSCA) announced that they will host a media workshop on the Conduct of Financial Institutions (COFI) Bill to help journalist understand the aim of regulations in financial services sector. [Link](#)

Market Developments

International

Joint statement by UK and US authorities on continuity of derivatives trading and clearing post-Brexit

UK and US authorities are taking measures to ensure the UK's withdrawal from the EU, in whatever form it takes, will not create regulatory uncertainty regarding derivatives market activity between the UK and US. Chief Executive of the FCA, Andrew Bailey said that the FCA has worked with the Commodity Futures Trading Commission along with other UK authorities to ensure continuity and stability for consumers, investors and other market participants, regardless of the outcome of the UK's withdrawal from the EU. Bank of England, FCA and CFTC have arrangements to support the effective cross-border oversight of derivatives markets and participants and to promote market orderliness, confidence and financial stability, under which:

- The BoE and CFTC are in the process of updating, in connection with the UK's forthcoming recognition of CFTC-registered central counterparties (CCPs), their Memorandum of Understanding (MoU) covering clearing activity which was originally signed in FY09.
- The FCA and CFTC are in the process of updating their MoUs, originally signed in FY13 and FY16, covering certain firms in the derivatives and the alternative investment fund industry. [FCA](#)

APRA announces policy priorities for 2019

The Australian Prudential Regulation Authority (APRA) has released its annual Policy Priorities document, outlining its areas of intended policy focus over the next 12 to 18 months. APRA's near term policy agenda will take into accounts its response to the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry, account major developments including other inquiries, new legislation such as the Banking Executive Accountability Regime (BEAR), and important industry trends. The documents outlines:

- For authorised deposit-taking institution – APRA will undertake work such as progressing changes to the ADI capital framework and updating prudential standard APS 220 on credit risk management
- In superannuation – APRA will update the superannuation data collection, with a particular focus on expanding the information collected on choice products

- General, life and private health insurance – APRA will consult industry on plans to apply the capital framework for life and general insurance to private health insurance. [Link](#)
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