



KPMG Regulatory Centre of Excellence

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KPMG in South Africa

Regulatory Updates till for the week ended 16 August, 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.

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Regulatory Developments

Others

Ramaphosa signs debt-relief bill into law

President Cyril Ramaphosa has signed the debt-relief bill into law. The Bill provides for the extinguishing of the debt of heavily indebted consumers who earn a gross monthly income of no more than ZAR7,500 have unsecured debt amounting to ZAR50,000 and who have been found to be critically indebted by the National Credit Regulator. [Link](#)

Regulatory focus on technology risk

KPMG US published a regulatory alert on the topic of technology risk. It highlights privacy and security, cloud computing (primarily processing, such as data storage, networking, and analytics), and machine learning (ML) and artificial intelligence (AI). Some of the key points are:

- Continued high profile data breaches highlight data privacy and security weaknesses and consumer harm, prompting an increased pressure to develop relevant public policies;
- Expectations for federal public policies and frameworks are complicated by new laws and protections introduced by individual states; and
- Federal regulators are moving away from a “wait and see” stance and initiating steps to establish new policies aimed at the collection, use, protection, and retention of data as well as the related application of innovative technologies.

[Link](#)

Banks Act Regulations

Certain amendments are proposed to the Banks Act Regulations by the National Treasury. The Draft Regulations were drawn up in terms of Section 90 of the Banks Act. Amendments are proposed to amend enabling provisions on the measurement of counterparty credit risk exposures and to insert a regulations on banks' exposures to central counterparties, on banks' exposures to counterparty credit risk and on Basel Committee requirements in respect of banks' equity investments in funds. [Link](#)

New Risk Guidance Being Developed for Cybersecurity, Compliance

COSO is expected to publish guidelines on how to apply its enterprise risk management framework to cyber security; how to enhance risk-appetite statements; and how to better manage risk and compliance. COSO will also publish board directors guidance on managing strategic risks. [Link](#)

Market Developments

International

Consultations on margining and risk mitigation for non-centrally cleared derivatives

APRA issued a consultation letter inviting submissions on proposed revisions to the phase-in implementation timeline for initial margin requirements, substituted compliance and other minor amendments. It applies to all authorised deposit-taking institutions, general insurers, life companies and registrable superannuation entities. It is relevant to those entities who transact in material levels of non-centrally cleared derivatives. [Link](#)

FCA agrees plan for a phased implementation of Strong Customer Authentication

The Financial Conduct Authority (FCA) agreed a plan that gives the payments and e-commerce industry extra time to implement Strong Customer Authentication (SCA). The new rules, called Strong Customer Authentication (SCA), are intended to enhance the security of payments and limit fraud during this authentication process and will be implemented from 14 September 2019. The FCA has agreed an 18-month plan to implement SCA with the e-commerce industry of card issuers, payments firm and online retailers. The plan reflects the recent opinion of the European Banking Authority (EBA) which set out that more time was needed to implement SCA given the complexity of the requirements, a lack of preparedness and the potential for a significant impact on consumers. [Link](#)
