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Regulatory Updates for the week ended 10 September, 2021

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

Treasury Shines Light on Benchmark as Financial Service

National Treasury has published the draft regulations which propose to designate the "provision of a benchmark" as a financial service in accordance with section 3(3) of the Financial Sector Regulation Act (FSRA). The Financial Sector Conduct Authority (FSCA) will be responsible for appropriately supervising and regulating the provision of benchmarks. *Link*

Publication of draft Joint Standard on Outsourcing by Insurers

The Financial Sector Conduct Authority (FSCA) and the Prudential Authority (PA) have published the draft Joint Standard on Outsourcing by Insurers, whose objective is to set out the minimum requirements to be complied with by an insurer when outsourcing material business functions and activities to third-party service providers. This draft is available for public consultation for a period of six months. *Link*

The FSCA fines Viceroy Research and its partners for publishing false and misleading statements about Capitec Bank Holdings Ltd

The Financial Sector Conduct Authority (FSCA) has imposed an administrative penalty of ZAR50 million on the partnership known as Viceroy Research and its partners due to false, deceptive statements, and forecasts made regarding material facts about Capitec, which they ought reasonably to have known were not true. *Link*

International

Letter from PRA and FCA on trade finance activity

A letter has been issued by the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) highlighting the supervisory expectations of firms undertaking trade finance business. Firms must undertake a holistic assessment of the associated financial crime risks which include money laundering, sanctions evasion, terrorist financing and fraud. Firms are also expected to undertake appropriate credit analysis of all trade finance counterparts prior to formal credit limits being put in place. *Link*

FCA to move faster to remove unused firm permissions

The Financial Conduct Authority (FCA) has published draft guidance on the power that allows it to move faster to remove regulatory permissions that are no longer being used by financial services firms which will help prevent scams and to ensure the FS Register presents a clearer picture of the permissions which firms hold. Firms that have not used their permissions for 12 months or more are at risk of having them cancelled via the existing cancellations process. *Link*

ASIC publishes guidance on breach reporting

The Australian Securities and Investments Commission (ASIC) has released regulatory guidance to help credit and Australian Financial Services (AFS) licensees meet new breach reporting obligations which will help firms identify and act swiftly on significant breaches. These obligations are set to commence on 1st October 2021. *Link*

APRA phases out reliance on Committed Liquidity Facility

The Australian Prudential Regulation Authority (APRA) expects ADIs subject to the Liquidity Coverage Ratio (LCR) to reduce their reliance on the Committed Liquidity Facility (CLF) to zero by the end of 2022 and purchase high quality liquid assets necessary to eliminate the CFL, subject to financial market conditions. *Link*

Market Developments

Evolving risks leave insurance customers exposed as reinsurers reconsider cover – Santam research

According to the article, the Covid-19 pandemic has triggered exclusions and higher premiums both locally and globally in insurance and reinsurance contracts for catastrophe cover. *Link*

Auditor assurance over ESG reporting still in early stages

The Center for Audit Quality (CAQ) has reported that as of June, 95 percent of companies made their detailed ESG information publicly available, however, only 6 percent received assurance on the data from public company audit firms. The Securities and Exchange Commission (SEC) is looking into proposals which require for additional public company ESG disclosures in the near future and could change assurance from being market-driven to more regulation-driven. *Link*

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