KPMG

KPMG Regulatory Centre of Excellence

Be on the inside

[Important Links](#) | [Contact Us](#) | [Subscribe](#) | [Previous Editions](#)

KPMG in South Africa

Regulatory Updates for the week ended 13 August, 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

Publication of draft Conduct Standard for Co-operative Financial Institutions and accompanying documentation for public comment

The purpose of the draft Conduct Standard is to introduce requirements which promote the fair treatment and protection of members of Co-operative Financial Institutions (CFIs). As the Financial Sector Conduct Authority's (FSCA) understanding of conduct risk in the sector matures, the regulatory requirements applicable to CFIs may be further tailored. *Link*

Spike in claims to the Long Term Insurance Ombudsman during Covid waves

The Ombudsman for Long-Term Insurance has received an increase in complaints during the first of half of the year due to the second wave of Covid-19 at the end of 2020. The increased deaths during the second wave led to the rise in complaints relating to funeral claims and is expected to rise even further. *Link*

Submission of compliance reports, handover reports and irregularity reports for Financial Services Providers ("FSPs") for 2021

The Financial Sector Conduct Authority (FSCA) has decided, as was the case in 2019 and 2020, that no compliance reports need to be submitted to them during 2021. The Authority has also decided that there will be no prescribed format for a handover report during 2021, as there are no compliance reports to report on. *Link*

International

ASIC's approach of new laws reforming financial services sector

Under supervision by the Australian Securities and Investment Commission (ASIC), six reforms arising out of recommendations from the Royal Commission into misconduct in the banking, superannuation and financial services industry and other inquiries will commence in October 2021. The new laws include design and distribution obligations, restrictions on the unsolicited selling of financial products (hawking), a deferred sales model for add-on insurance products, reference checking and information sharing requirements for financial advisers and brokers, and new requirements around how breaches are reported to ASIC and disputes are managed internally in firms. It is expected to provide consumers with long term protection from the harms highlighted by the Royal Commission, and close regulatory gaps that previously existed. *Link*

APRA releases response to submissions and final Prudential Standard APS 111 Capital Adequacy: Measurement of Capital

The Australian Prudential Regulation Authority (APRA) has published the final Prudential Standard APS 111 Capital Adequacy: Measurement of Capital (APS 111), which sets out detailed criteria for measuring authorised deposit-taking institutions' regulatory capital and is due to come into effect from 1 January 2022. *Link*

APRA releases consultation on further updates to Reporting Standard ARS 720.1 ABS/RBA Loans and Finance Leases

The Australian Prudential Regulation Authority (APRA), the Australian Bureau of Statistics and the Reserve Bank of Australia propose to amend ARS 720.1 to accurately align with the latest version of Prudential Standard APS 220 Credit Risk Management (APS 220). ARS 720.1 currently collects data on impaired exposures, and the agencies propose to replace this item with the collection of data on non-performing exposures. *Link*

APRA finalises new approach to licensing and supervising new banks

As per the Australian Prudential Regulation Authority's finalised approach to licensing and supervising new banks -

- restricted authorised deposit-taking institutions (ADIs) must achieve a limited launch of both an income-generating asset product and a deposit product before being granted an ADI license;
- there must be increased clarity around capital requirements at different stages for new entrants, aimed at reducing volatility in capital levels and easing a transition to the methodology for established ADIs over time; and
- new entrants are expected to have a more advanced contingency plan to respond to financial stress, including an option to execute the ADI's orderly and solvent exit from banking business. *Link*

Please click here to access the previous issues of the external edition of FinWatch

Michelle Dubois
Senior Manager, Africa Regulatory CoE
Email ID: Michelle.Dubois@kpmg.co.za

kpmg.com/socialmedia

kpmg.com/app

Download on the App Store