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KPMG in South Africa

Regulatory Updates for the week ended 18 June, 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.

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Regulatory Developments

Statements about the effect of Covid-19 vaccines on life insurance policies

The FSCA published a statement highlighting that social media platforms are reporting that receiving the Covid-19 vaccine will render life insurance policies null-and-void because the vaccines are regarded as experimental medicine, and that such statements have no merit or basis. Further, the FSCA stated that taking a Covid-19 vaccine may not lead to cancellation of a policy or the repudiation of a claim. [Link](#)

Global financial reporting agenda set to change - how will South African companies be impacted?

The South African Institute of Chartered Accountants (SAICA) published an article highlighting that the new global financial reporting agenda might result in a significant impact on how some transactions are accounted for and thereby impacting companies in various ways and states that the International Accounting Standards Board (IASB), is embarking on its third agenda consultation. Through the third agenda consultation, companies, auditors, regulators, and users of financial statements are provided the opportunity to drive the global financial reporting agenda and provide input until 27 September 2021. [Link](#)

New IRBA chair elected, search now on for Jenitha John's replacement as CEO

Fulvio Tonelli has been elected as the chair of the Independent Regulatory Board for Auditors (IRBA). According to the article, Tonelli is a chartered accountant and former registered auditor, he is a non-executive director of the Absa Group and previously served as audit partner at listed firms including the Standard Bank Group and the FirstRand Group. [Link](#)

International

FCA research reveals increase in cryptoasset ownership

The consumer research published by FCA shows that as holding cryptoassets has become more common attitudes to them have changed. 38 percent of crypto users regard them as a gamble (down from 47 percent last year), while increasing numbers see them as either a complement or alternative to mainstream investments. Further, FCA estimates that 2.3 million adults now hold cryptoassets (up from 1.9 million in 2020) and 78 percent of adults have now heard of cryptoassets, up from 73 percent in a year. [Link](#)

BIS: What will be the impact of climate transition on monetary policy?

The Bank for International Settlements (BIS) published a speech by Mr Pablo Hernández de Cos, Governor of the Bank of Spain and Chair of the Basel Committee on Banking Supervision, at the Central Banking Summer Meetings. In his speech he highlights that climate change is one of the key topics in the ongoing review of the ECB's monetary policy strategy or on the work programme of the Basel Committee. He also stated how climate change affects the financial sector, inflation and the natural interest rate. Further, he suggests what regulators, supervisors and central banks can do to address climate change, within the mandates. [Link](#)

PRA statement on firm authorisation under the Temporary Permissions Regime

The Prudential Regulatory Authority (PRA) published a statement providing an update on the PRA's approach to firm authorisation under the Temporary Permissions Regime (TPR), relevant to European Economic Area (EEA) banks and insurers within scope. [Link](#)

The FCA and the Bank of England encourage market participants in a switch to SOFR in US dollar interest rate swap markets from 26 July

Following close engagement with market participants, and to support the US-led, SOFR First initiative, the FCA and Bank of England support and encourage liquidity providers in the US dollar linear interest rate swaps market to adopt new trading conventions for interdealer trading based on SOFR instead of LIBOR from 26 July this year. This is to facilitate a shift in market liquidity towards SOFR, bringing benefits for a wide range of users as they move away from LIBOR. [Link](#)

ASIC makes new market integrity rules for capital

ASIC has made new market integrity rules for capital, providing important protections for investors and the integrity of the market, whilst simplifying the capital framework for market participants. The ASIC Market Integrity Rules 2021 will replace the existing separate rule books for securities market participants and futures market participants to create a common set of rules for capital. [Link](#) [Link](#)

Market Developments

Nigeria's Access Bank has big plans for South Africa as it launches a new retail bank

South Africa has a new retail bank - Access Bank South. The Nigerian multinational commercial bank acquired agricultural bank Grobank in March 2021 and now officially launched its entry into the South African market. According to the article, the bank is planning to launch a retail bank in South Africa, with a combination of physical branches which will open before the end of 2021. Additionally, the bank aims to launch, digital on-boarding, and digital transactional capabilities for predominantly target low-income earners and immigrants. [Link](#)

Goldman Sachs is ramping up in SA, putting it on collision course with local big banks

Goldman Sachs is, according to the article, ramping up financing in South Africa. The US investment bank is adding fixed-income and foreign-exchange products aimed at corporate and institutional investors in SA. As Goldman embarks on a hiring spree in major emerging economies like China, it's also expanding its footprint in South Africa, adding fixed-income and foreign-exchange products aimed at corporate and institutional investors to its existing investment-banking services. [Link](#)

Goldman expands in crypto trading with plans for ether options

Goldman Sachs is planning to offer options and futures trading in ether, the coin that fuels the ethereum network, in the coming months. The bank has also invested in crypto start-ups. It put about ZAR70.2 million into a fundraising round by Blockdaemon, a firm that creates and hosts the computer nodes that make up blockchain networks. [Link](#)

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