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KPMG in South Africa

Regulatory Updates for the week ended 26 February, 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](#)
- [Accounting standard updates](#)

Regulatory Developments

Commencement of the Regulations issued in terms of POPIA

The Information Regulator South Africa (IRSA) released a notice stating the following:

- The Guideline to Develop Codes of Conduct in terms of Section 65 of the Protection of Personal Information Act, 2013 (No.4 of 2013) will be published in two official languages in the Government Gazette and it will be effective as at 1 March 2021.
- The Guideline to Develop Codes of Conduct that will be published in the Government Gazette is also available on the website to enable relevant bodies to begin developing their Codes.
- Codes will only be received by the Regulator for consideration after the publication in the Government Gazette. [Link](#)

Deadline to file country-by country tax returns extended

The South African Revenue Service (SARS) has extended the deadline to file country-by-country returns, in terms of the Tax Administration Act. The deadline applies to reporting fiscal years commencing before 1 July 2020. The deadline is extended to 30 June 2021 for those required to file by 31 December 2020 or 31 January 2021 while the deadline for those required to file by 28 February 2021, 31 March 2021, 30 April 2021, 31 May 2021 and 30 June 2021 is extended to 30 July 2021. [Link](#)

Prudential Authority Guidance Note on 2021 distribution of dividends on ordinary shares and payment of cash bonuses to executive officers

The Prudential Authority (PA) published a guidance note, outlining the need for banks to act prudently when considering making distributions of dividends on ordinary shares and the payment of cash bonuses to executive officers and material risk takers in 2021. Further, it highlighted that the benefits of the regulatory relief measures provided by the PA should not be utilised for the distribution of dividends and payment of bonuses. [Link](#)

Budget 2021 highlights difficult balancing act

The Finance Minister, Tito Mboweni, delivered the 2021 Budget Speech in the National Assembly. Following are a few highlights from the budget discussion 2021:

- Treasury highlighted that, since the 2020 Budget Review, the budget deficit has doubled and the in-year revenue shortfall is estimated at ZAR213.2 billion
- Main budget revenue is projected to be ZAR1.35 trillion, or 25.3 per cent of GDP in 2021/22
- Total consolidated spending amounts to ZAR2 trillion each year over the medium term, the majority of which goes towards social services. [Link](#) [Link](#)

Market Developments

International

FCA launches guidance for firms on the fair treatment of vulnerable customers

The Financial Conduct Authority (FCA) has published final guidance stating its expectations of firms on the fair treatment of vulnerable customers. Using the guidance the FCA will continue to hold firms to account for their treatment of vulnerable customers. Firms can expect to be asked to demonstrate how their business model, the actions they have taken and their culture ensure the fair treatment of all customers, including vulnerable customers. [Link](#)

Letter from the PRA and FCA ‘Transforming data collection – an update on progress and plans for 2021’

The Prudential Regulatory Authority (PRA) and FCA published a letter for chief executive officers providing an update on the work being done to transform the way data is collected and reaffirms the commitment to work in partnership to tackle the challenges collectively faced. [Link](#)

FCA returns funds to victims of unauthorised deposit taking and collective investment schemes

The FCA has obtained High Court Approval to return ZAR60.4 million to compensate victims of a series of unauthorised deposit taking and collective investment schemes. The schemes were run by Samuel and Shantelle Golding and their companies Digital Wealth Limited also known as Digital Wealth Society (DWS) and Outsourcing Express Limited (OEL) also known as Kerchiing. [Link](#)

FCA makes senior appointments to drive its transformation

The FCA has made the following appointments as part of its restructuring:

- Stephanie Cohen will be the FCA's Chief Operating Officer (COO)
- Jessica Rusu will join the FCA's as its first Chief Data, Information and Intelligence Officer (CDIIO)
- Sarah Pritchard will become Executive Director, Markets
- Emily Shepperd will take up the newly created role of Executive Director, Authorisations. [Link](#)

Strengthening your data management

KPMG published a thought leadership titled Strengthening your data management, a part of the report explores how effective data management is helping the financial industry to drive better performance and enhance the overall customer experience. [Link](#) [Link](#)

Central banks of China and United Arab Emirates join digital currency project for cross-border payments

The Digital Currency Institute of the People's Bank of China and the Central Bank of the United Arab Emirates have joined the Multiple CBDC (m-CBDC) Bridge, a cross-border payments project. The m-CBDC Bridge is a co-creation initiative in partnership with the BIS Innovation Hub, the Hong Kong Monetary Authority and the Bank of Thailand. The aim of the project is to develop a proof-of-concept prototype to facilitate real-time cross-border foreign exchange payments on distributed ledger technology. Further, the m-CBDC Bridge project is expected to foster a conducive environment for more central banks in Asia as well as other regions to jointly study the potential of DLT in enhancing the financial infrastructure for cross-border payments. [Link](#)

Criminal charges laid against Allianz and AWP alleging the making of false statements

Allianz Australia Insurance Limited has been charged with seven counts, and AWP Australia Pty Ltd (AWP) with one count, of making false or misleading statements regarding the sale of Allianz domestic and international travel insurance products. ASIC alleges that Allianz's website advertised the maximum travel insurance benefits payable to customers, but failed to state that particular sub-limits, terms, conditions or exclusions could operate to limit those benefits. [Link](#)

ASIC launches immunity policy for market misconduct offences

ASIC released an immunity policy for certain contraventions of the Corporations Act, which includes serious offences such as market manipulation, insider trading and dishonest conduct in the course of carrying on a financial services business. Under the new policy, an individual who has engaged with others to manipulate the market, commit insider trading or engage in dishonest conduct when operating a financial services business can, in certain circumstances, seek immunity from both civil penalty and criminal proceedings. Applications for immunity under ASIC's policy are only available to individuals, not corporations. [Link](#) [Link](#)

ASIC sues NAB for unconscionable conduct and misrepresentations over account fees

ASIC has started proceedings against National Australia Bank Ltd (NAB), claiming that NAB charged fees for making certain periodic payments when it was not entitled to under the bank's contracts with its customers. [Link](#)

Accounting standards update

Please [click here](#) to access the previous issues of the external edition of FinWatch



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