



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 01 November 2024

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

South Africa

FATF greylisting – South Africa’s positive progress as at October 2024

The Financial Action Task Force (FATF) announced that South Africa has upgraded nine items in its 22-item Action Plan, with 16 now largely or fully addressed. This progress, recognised during the October 2024 Plenary in Paris, leaves six outstanding items to be resolved by February 2025. Key areas needing attention include investigations into complex money laundering and timely access to beneficial ownership information. [Link](#)

International Reserves Template – September 2024

The South African Reserve Bank (SARB) reported that as of the end of September 2024, the country’s official reserve assets totaled approximately \$63.6 billion (ZAR1125 billion). This includes \$46.1 billion (ZAR815.4 billion) in foreign currency reserves and \$34.3 billion (ZAR606.7 billion) in gold. The data reflects a slight increase from the previous month, indicating effective reserve management strategies. Additionally, the reserves play a crucial role in supporting South Africa’s financial stability and liquidity in the face of global economic challenges. [Link](#)

New categories for unit trusts investing exclusively in South Africa

The Association for Savings and Investment South Africa (ASISA) updated its Fund Classification Standard on 01 October 2024, enhancing the comparison of South Africa's 1,852 local collective investment scheme (CIS) portfolios. Key changes include redefining South African portfolios to require at least 55 percent local investment and introducing new categories such as SA Equity – SA General for portfolios investing exclusively in local shares. [Link](#)

Proposed Directive - Form BA 700

The Prudential Authority (PA) proposes amendments to the BA 700 form related to capital adequacy and leverage, directing banks to comply with specific reporting requirements. The form aims to gather information on risk-based capital requirements and leverage ratios. Banks must submit the BA 700 form monthly for solo reporting and quarterly for controlling companies, with the directive effective from 01 July 2025. [Link](#)

Risk free rates – 2024

The South African Reserve Bank (SARB) published the Risk-Free Rates - 2024 that provides essential insights into the current landscape of risk-free interest rates. It highlights the methodologies for calculating these rates, which are crucial for determining technical provisions in the insurance sector. The findings indicate that consistent risk-free rate calculations enhance supervisory convergence and support financial stability. Additionally, the publication discusses the implications of these rates on investment strategies and pricing within the insurance industry, offering valuable guidance for stakeholders navigating the evolving financial environment. [Link](#)

The 46th Annual Global Privacy Assembly

The Information Regulator Chairperson Adv. Pansy Tlakula participated in a panel at the 46th Annual Global Privacy Assembly, held in Jersey from 28 October 2024, focused on data privacy and regulations for the future. The discussions revolved around crucial collaboration between regulators, tech companies, and child protection organizations to safeguard children's privacy in the metaverse. Key issues included prioritizing children's data privacy over technological innovation and emphasizing the need for ethical considerations in metaverse development. [Link](#)

Other Southern Africa

National Payment Systems (Authorisation and Licensing) Amendment Regulations 2024

The Bank of Mauritius has issued amendments to the National Payment Systems (Authorisation and Licensing) Regulations 2021, effective from 01 July 2024. Key changes include the definition of "customer money," restrictions on its use for financing activities, and requirements for annual auditor certifications regarding trust account balances. Additionally, cash withdrawal services are prohibited, and compliance with caps on funds in personal electronic wallets is mandated. These regulations aim to enhance the oversight and security of electronic money transactions in Mauritius. [Link](#)

International

BIS and central bank partners demonstrate that policy compliance can be embedded in cross-border transactions with Project Mandala

Project Mandala, a collaboration between the Bank for International Settlements (BIS) and several central banks, has successfully demonstrated the automation of compliance procedures for cross-border financial transactions. This initiative addresses challenges posed by varying regulatory frameworks, aiming to enhance transaction speed and reduce costs while ensuring compliance. Key innovations include a decentralized system that integrates compliance checks and real-time monitoring, facilitating seamless

cross-border payments without compromising privacy. [Link](#)

Beware the gap: Governance arrangements in the face of AI innovation

The Australian Securities and Investments Commission (ASIC) report titled "Beware the gap: Governance arrangements in the face of AI innovation" highlights concerns regarding the governance practices of financial services and credit licensees as they increasingly adopt artificial intelligence (AI). ASIC found that while AI usage is currently cautious, about 60 percent of licensees plan to expand their AI applications. However, nearly half lack policies addressing consumer fairness and bias, raising the risk of misinformation and discrimination. ASIC Chair Joe Longo emphasized the need for updated governance frameworks to ensure consumer protection and compliance as AI technologies evolve. The report calls for proactive measures to mitigate risks associated with AI deployment in the financial sector. [Link](#)

PRA Regulatory Digest - October 2024

The Prudential Regulation Authority (PRA) published October 2024 PRA Regulatory Digest highlights key regulatory updates, including the publication of PS17/24 on responses to CP6/24, and various consultation papers (CPs) addressing resolution assessments, large exposures, and the remainder of the Capital Requirements Regulation. Notable events included a speech by Sam Woods on supporting UK economic growth and a roundtable on internal ratings-based mortgage exposures. Key implementation dates are set for 01 November and 04 November 2024. [Link](#)

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



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

kpmg.com/socialmedia



kpmg.com/app



[Unsubscribe](#) | [Privacy](#) | [Legal](#)

You have received this message from KPMG South Africa.

© 2024 KPMG Services Proprietary Limited, a South African company with registration number 1999/012876/07 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.