



KPMG Regulatory Centre of Excellence

Be on the **inside**

[Important Links](#)

[Contact Us](#)

[Subscribe](#)

[Previous Editions](#)

For internal use only

KPMG in South Africa

Regulatory Updates for the week ended 22 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

G5-2024 - Supervisory guidance for matters related to business risk assessments

The Prudential Authority (PA) has issued a guidance note to banks regarding their expectations for conducting business risk assessments related to money laundering, terrorist financing, and proliferation financing (ML/TF/PF). This guidance emphasizes the need for robust risk management processes, including comprehensive know-your-customer standards, to prevent unlawful activities. [Link](#)

Treasury punts new tax rules for unit trusts

According to the article, Treasury has proposed new tax rules for unit trusts in South Africa, aiming to clarify their taxation framework. The discussion document outlines potential changes to how these investment vehicles are taxed, which could impact investors and fund managers. The proposed rules are part of a broader effort to enhance transparency and compliance within the investment sector. Stakeholders are encouraged to provide feedback on these proposals, which could lead to significant adjustments in the taxation of unit trusts moving forward. [Link](#)

Information Regulator issues an update on developments in its international cooperation work, innovation, and progress on POPIA matters

The Information Regulator of South Africa (IR) announced significant advancements in its international cooperation and compliance efforts under the Protection of Personal Information Act (POPIA). The Information Regulator was elected to the Executive Committee of the Global Privacy Assembly, enhancing its global representation. Additionally, it was shortlisted for the BCX Digital Innovation Awards for its eServices Portal. The IR issued infringement notices to the Electoral Commission and the Department of Basic Education for non-compliance with POPIA, emphasizing the need for proper consent in handling personal information. [Link](#)

FSCA probes two-pot withdrawal fees

According to the article, The Financial Sector Conduct Authority (FSCA) is currently investigating the fees associated with the new two-pot retirement system, which became effective on 01 September 2024. This system allows members to withdraw funds from their retirement savings, but concerns have arisen regarding the substantial fees charged by funds, which reportedly amount to hundreds of millions of rand. The FSCA aims to ensure transparency and fairness in these fees, as many fund members may not fully understand the implications of making withdrawals from their retirement savings pots. [Link](#)

Proposed Directive - Form BA 400

The Prudential Authority proposed the Directive which aims to guide banks on the conditions, interpretation, and completion of the operational risk form BA 400, as mandated by the Banks Act 94 of 1990. It outlines requirements for calculating capital and reserve funds for operational risk using the standardized approach, including the use of internal loss data for banks with a Business Indicator (BI) over ZAR5 billion. The Directive becomes effective from 01 July 2025 and invites no further comments as it has already been reviewed. [Link](#)

FSCA Commissioner Unathi Kamlana delivered a public lecture at Stellenbosch University's Faculty of Law

The Financial Sector Conduct Authority (FSCA) Commissioner Unathi Kamlana delivered a public lecture at Stellenbosch University's Faculty of Law, focusing on retirement savings and pension fund protection. Unathi Kamlana emphasizes the authority's role in monitoring compliance with Section 13A of the Pension Funds Act (PFA), which mandates pension funds to manage contributions effectively. However, the FSCA lacks direct regulatory power over employers, relying on pension fund Boards to recover unpaid contributions. Notably, personal liability for pension contributions extends to directors and senior management under Section 13A(8) of the PFA. Recent enforcement actions against defaulting employers signal progress in accountability within the sector. [Link](#)

Other Southern Africa

BoN Wins Pioneer Award for Digital Transformation Excellence

The Bank of Namibia (BoN) has been honored with the Pioneer Award for Digital Transformation. This recognition highlights the bank's commitment to advancing digital initiatives within the financial sector. The award underscores BoN's efforts to enhance operational efficiency and improve service delivery through innovative technology solutions. This achievement reflects the bank's strategic focus on embracing digital transformation to better serve its stakeholders and contribute to the overall development of Namibia's financial landscape. [Link](#)

Launch of the Bank of Namibia Artificial Intelligence and Robotics Accelerator (AIRA)

The Bank of Namibia (BoN) has launched the Artificial Intelligence and Robotics Laboratory (AIRA) in collaboration with the Namibia University of Science and Technology (NUST). This initiative aims to promote innovation in AI and robotics, providing a platform for research and development. AIRA will enhance technological capabilities and foster engagement among students and professionals, reflecting BoN's commitment to digital transformation. This development positions Namibia as a leader in technological innovation within the region, contributing to improved operational efficiency. [Link](#)

Guideline on Compliance Risk Management and Governance Framework

The Bank of Mauritius (BoM) published the Guideline on Compliance Risk Management and Governance Framework which aims to enhance the safety of financial institutions by establishing a robust compliance culture. It outlines minimum requirements for managing compliance risk, emphasizing that compliance should be integral to the organization. Issued under the Bank of Mauritius Act, it applies to all licensed banks and institutions, effective 12 November 2024. Financial institutions must create a comprehensive compliance policy approved by the board, detailing roles, responsibilities, and frameworks for effective compliance management. [Link](#)

International

A revision of our market cleanliness statistic methodology

The Financial Conduct Authority (FCA) is revising its methodology for calculating the Market Cleanliness (MC) Statistic, which assesses the integrity of UK equity markets during corporate takeover announcements. This year, the FCA is introducing a new measure called the Potentially Anomalous Trading Ratio (PATR) to enhance the assessment of market cleanliness. The MC Statistic reflects the proportion of takeover events with significant abnormal share price movements prior to announcements, and the FCA aims to improve the accuracy and interpretability of these statistics. [Link](#)

FCA proposes to extend the time firms have to handle complaints relating to motor finance commission

The Financial Conduct Authority (FCA) has proposed extending the deadline for motor finance firms to respond to customer complaints regarding discretionary commission arrangements (DCA) until 04 December 2025. This extension aims to align with existing rules for handling DCA complaints and is subject to the outcome of any Supreme Court applications. The FCA plans to consult on this proposal, with expectations to publish further details within two weeks, potentially implementing the extension by mid-December 2024. [Link](#)

Basel Committee reaffirms expectation to implement Basel III; finalises guidelines to strengthen banks' counterparty credit risk management; and progresses work to strengthen supervisory effectiveness

The Basel Committee on Banking Supervision met on 19-20 November 2024, and unanimously reaffirmed its expectation to implement the Basel III framework fully and promptly. The committee finalized guidelines to enhance banks' counterparty credit risk management and is progressing efforts to improve supervisory effectiveness following the 2023 banking turmoil. Additionally, it discussed the risks posed by non-bank financial intermediation and plans to publish reports on various initiatives, including climate-related financial risks, in early 2025. [Link](#)

Market developments

South Africa

Ninety One and Sanlam agree to active asset management tie-up in ZAR5 billion share deal

According to the article, Ninety One and Sanlam have entered into a significant partnership, agreeing to a ZAR5 billion share deal that will see Ninety One manage approximately ZAR320 billion (£17 billion) in assets from Sanlam Investment Management. This collaboration aims to enhance value for stakeholders, with Sanlam receiving an estimated 12.3 percent stake in Ninety One's share capital as part of the agreement. Ninety One will continue to operate as an independent investment manager, focusing on both South African and offshore investment products. [Link](#)

Investec reports mixed earnings as expected credit losses surge and dealmaking weighs

According to the article, Investec has released its half-year financial results, revealing a mixed performance characterized by volatility in various earnings measures. The report indicates a significant surge in expected credit losses, which has impacted overall profitability. Additionally, the company's deal-making activities have faced challenges, contributing to the mixed results. [Link](#)

Nedbank plots expansion in Africa with ZAR12 billion war chest

According to the article, Nedbank Group Ltd. is embarking on an ambitious expansion across Africa, aiming to reduce its reliance on the South African market. With a ZAR12 billion (approximately \$662 million) war chest, the bank plans to nearly quadruple its profits from other African markets over the next decade. [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.