Progress in the Implementation of G20/FSB Recommendations – June 2012

Jurisdiction: SOUTH AFRICA

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1. Refining the regulatory perimeter						
1 (new)	Cannes	Strengthening the oversight of shadow banking	We agree to strengthen the regulation and oversight of the shadow banking system.[1]	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
2 (11)	(Lon)	Review of the boundaries of the regulatory framework	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): In terms of the financial markets regulation, South Africa anticipates that the Financial Market Bill will be promulgated into law in 2012. In terms of the insurance

[1] For this survey, the focus is exclusively on the recommendations for monitoring the shadow banking system, discussed in section 2 of the October 2011 FSB report: "Shadow Banking: Strengthening Oversight and Regulation", which is available here: http://www.financialstabilityboard.org/publications/r_111027a.pdf.

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			promote good practices and consistent approaches at an international level.		☒ Others, please specify: ☐ Completed as of Overview (short description) of action(s) taken: **Financial markets regulations:** 1. The South African Financial Services Board has reviewed and amended the Securities Services Act, 2004 to create a new draft called the Financial Markets Bill (FMB) in order to keep up with the developments in the financial markets. The Bill has been tabled in Parliament. **Insurance regulations:** 1. The South African Financial Service Board, is preparing legislative proposals to be submitted to the National Treasury shortly to align the South African insurance legislation with the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors (IAIS) as adopted in October 2011 and, to specifically, address areas for improvement of the legislative framework	regulation, South Africa will enact the IMF / World Bank assessment of South Africa's compliance with the ICPs in 2013. Solvency Assessment and Management Regime (SAM) will be implemented by January 2015. And the micro-insurance regulation framework will be enacted in 2013. Expected commencement date: 2013/2014 Web-links to relevant documents: ftp.fsb.co.za/public/insurance/SAM http://www.fsb.co.za/insurance/ http://www.treasury.gov.za

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					highlighted in the IMF / World Bank assessment of South Africa's compliance with the ICPs in March 2010. These proposals primarily address measures on governance, risk management, internal controls and group supervision. . 2. The South African Financial Service Board, in 2010, initiated the development of a new risk-based solvency regime for South African short-term and long-term insurers, known as the Solvency Assessment and Management regime (SAM), to align the South African insurance industry with international standards. SAM will be based on the Solvency II capital adequacy, risk governance, and risk disclosure regime being implemented for European insurers and reinsurers. SAM will share the same broad features as Solvency II, being a principles-based regulation based on an economic balance sheet, and utilising the same three pillar structure of capital adequacy (Pillar 1), systems of governance (Pillar 2), and reporting requirements (Pillar 3 3. The South African Financial Service Board is participating in the	

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					National Treasury led project to formulate legislation to introduce a micro-insurance regulatory framework in South Africa that will enhance access to insurance and facilitate new entrants into the insurance market. 4. Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation. This draft Financial Services Laws General Amendment Bill, 2012 seeks to amend several legislations regulating South African financial services industry. Included in this amendment is legislation that falls within the administration of the Financial Services Board. This will culminate into the enhanced regulation of the industries that the FSB is responsible for. South Africa has stated its intention of moving to a "twin peaks" model of financial regulation. As part of this process, a Financial Regulatory Reform steering committee comprising senior representatives of the National Treasury, South African Reserve Bank (central bank) and the Financial Services Board (non-bank regulator) is holistically reviewing the	

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					supervisory and regulatory frameworks for stability, prudential and market conduct regulation of the financial services sector. Web-links to relevant documents:	
(i) Hedge funds						
3 (13)	(Seoul) (Lon)	Regulation (including registration) of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds, … Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: A regulatory framework for the regulation and supervision of hedge funds has been developed for approval by National Treasury/ Minister of Finance. Drafting of legislation will commence upon approval by the Minister thereof. ☒Completed as of Overview (short description) of action(s) taken: In South Africa, all hedge fund managers are already required since 2007 to register and report certain information to the Financial Services Board in terms of the	Planned actions (if any): Legislative amendments will be considered as part of the review process. Expected commencement date: Web-links to relevant documents: Not yet publically available.

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			systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.		Financial Advisory and Intermediary Services Act, 2002 ("FAIS Act"),. The reporting and disclosure requirements for hedge fund managers will be reviewed in line with IOSCO recommendations. Web-links to relevant documents: Board notice issued by FSB for Fit and Proper Requirements is available on ftp://ftp.fsb.co.za/public/Faisdep/BoardNotice87.pdf	
4 (14)	(Lon)	Effective oversight of cross-border funds	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa cooperates fully with the cross-border group of the Financial Stability Board and awaits any further guidance on issues relating to regulation of cross-border institutions and groups. ☐Completed as of Overview (short description) of action(s)	Planned actions (if any): On-going Expected commencement date: Web-links to relevant documents:

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			end of 2009.		taken: Web-links to relevant documents:	
5 (15)	(Lon)	Effective management of counter-party risk associated with hedge funds	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: Banking institutions with exposures to hedge funds are required to manage such exposures in line with sound risk management processes. In addition to regulatory data provided to the supervisor, banking legislation provides sufficient powers for the bank regulator to obtain information relating to such exposures whenever it is deemed necessary. However, currently the hedge fund industry is relatively small and so there are no systemic	Planned actions (if any): Monitoring compliance is on-going. Expected commencement date: Web-links to relevant documents:

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					risk issues. Nevertheless, as noted above, South Africa is in the process of reviewing hedge fund regulations, and these will reflect the need to manage counterparty risk. Guidance to be issued shortly to the retirement funds industry on use of hedge funds as part of their portfolio management. Currently, Regulation 28 issued under the Pension Funds Act limits retirement funds from losing more than their contractual obligations. Funds have limited liability structures when investing in hedge funds and private equity i.e. cannot lose more than its capital commitment. Leverage by means of derivatives is not allowed as set out in subordinate legislation. Web-links to relevant documents: ftp://ftp.fsb.co.za/public/pension/Part1gazette.pdf	
6 (16)	(FSF 2008)	Guidance on the management of exposures to leveraged counterparties	II.17 Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify:	Planned actions (if any): Monitoring compliance is on-going. Expected commencement date: Web-links to relevant documents:

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					As mentioned above, banking institutions with large exposures are expected to manage these credit exposures according to best credit risk management processes and report exposures monthly to the bank regulator. On-site visits to banks to review credit management processes occur on regular intervals. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
(ii) Securitisation						
7 (17)	(FSB 2009)	Implementation of BCBS/IOSCO measures for securitisation	During 2010, supervisors and regulators will: • implement the measures decided by the Basel Committee to strengthen the capital requirement of securitisation and establish	During 2010	No response required for this survey. Please refer to the BCBS progress report on the Basel 2.5 adoption, available at: http://www.bis.org/publ/bcbs/b2_5prog_rep_table.htm	

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			clear rules for banks' management and disclosure;			
			• implement IOSCO's proposals to strengthen practices in securitisation markets.		Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa actively participates in the work of the BCBS and IOSCO and will implement the recommendations of the committee in this area. It should be noted that securitisation activity in South Africa is limited and of a non-complex nature. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Planned actions (if any): South Africa is continuously monitoring developments for compliance purposes. Expected commencement date: Web-links to relevant documents:
8 (18)	(Lon)	Improvement in the risk	The BCBS and authorities should	By 2010	Implementation ongoing: ☐ Draft regulations/guidelines being	Planned actions (if any): South Africa is continuously

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	(Pitts)	management of securitisation, including retainment of a part of the risk of the underlying assets by securitisation sponsors or originators	take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently.		developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: During 2008 a detailed review of Bank securitisation schemes was undertaken to enable a clear understanding of the risks. Not only is the local securitisation market relatively small, but the issue of derivatives based on ABS products is virtually non-existent. In 2012, a requirement was placed on banks for information to be included in applications in terms of the Securitisation notice. The level of dependence on securitisation, for funding purposes, by South African banks is very low and the assets securitised have been through the same credit vetting process used by the banks for their on balance sheet exposures as no "originate to securitise" model exists currently in South Africa. This issue will continue to be monitored as applications for new securitisation vehicles are received.	monitoring compliance. Expected commencement date: Web-links to relevant documents:

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					☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents: The Securitisation notice is available on http://www.resbank.co.za/Lists/News%20and%20Publications/Attachments/4944/D1%20of%202012.pdf	
9 (19)	(FSF 2008)	Strengthening of regulatory and capital framework for monolines	II.8 Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: There are no monoline insurers operating in South Africa ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Not applicable Expected commencement date: Web-links to relevant documents:

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					Web-links to relevant documents:	
10 (20)	(FSF 2008)	Strengthening of supervisory requirements or best practices for investment in structured products	II.18 Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: As mentioned above, the local securitisation in South Africa is very small. However, South Africa authorities continue to closely monitor the development of complex financial products. The envisaged new Market Conduct regulator will take an active interest in this area as part of the mandate to protect consumers and also to contribute towards financial stability. INSURANCE: The existing requirements for insurers that originate or invest in structured products are sufficiently robust, but will be reconsidered in developing the new Solvency Assessment and Management (SAM) regime (see details under question 1). The existing requirements relate to limitations on the type and spreading of assets, limitations on	Planned actions (if any): South Africa is continuously monitoring compliance INSURANCE: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: Web-links to relevant documents:

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					derivatives trading, parameters for the valuation of group undertakings and capital requirements that requires the consideration of market and credit risk. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents: See https://www.fsb.co.za/legislation and https://www.fsb.co.za/insurance	
11 (21)	(FSF 2008)	Enhanced disclosure of securitised products	III.10-III.13 Securities market regulators should work with market participants to expand information on securitised products and their underlying assets.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The Financial Services Board – South Africa's non-bank financial regulator – has implemented a process to strengthen the reporting of information on securitised products and underlying assets as well as improved disclosure of all complex	Planned actions (if any): New regulations may be required to enforce the matter and will be developed to this end as part of the move to a twin peaks approach. Expected commencement date: Web-links to relevant documents:

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					financial products. As part of its implementation of a new outcomes based market conduct regulatory framework entitled "Treating Customers Fairly", the Financial Services Board has set up multi-stakeholder task group to review product disclosure practices across all regulated financial services sectors and products. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
2. Enhancing supervision						
12 (5)	(Pitts)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: As part of risk management, South African regulators are enlarging the scope of	Planned actions (if any): On-going monitoring of international developments of appropriate standards of measurements. INSURANCE: The FSB will continue with the initiatives highlighted in the previous column.

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					regulation to take into account the systemic risks. The move towards a twin peaks approach to financial regulation (outlined in our document *A safer financial sector to serve South Africa better)* has also set out a range of proposals to broaden the scope of regulation appropriately. Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II framework. INSURANCE: The FSB currently requests insurance groups which may be of systemic importance to submit quarterly unaudited returns on a group wide basis. The legislation provides the FSB with the power to request whatever information is required in this regard. The FSB is further refining the reporting requirements for insurance groups. The FSB and the South African Reserve Bank's Bank Supervision Department (BSD) have made a clear distinction in respect of the respective responsibilities for group wide supervision – in particular those financial conglomerates for which the BSD is the lead regulator and those for which the	Expected commencement date: Web-links to relevant documents:

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					FSB is the lead regulator. Information and findings are also shared on a regular basis and formal meetings between the respective executives take place quarterly. The FSB and the BSD have also established "supervisory colleges" to discuss the results and concerns around those identified groups. The FSB also participates in a number of foreign supervisory colleges. The supervisory powers of the FSB will be further enhanced by the legislative proposals referred to under question 1. The proposals, amongst others, provide for measures on governance, risk management, internal controls and group supervision. The proposals further include a clear definition of an insurance group and the approach to calculating the financial condition of the group. As the proposed legislative proposals will be incorporated into the current insurance legislation, the same remedial action that can be taken against a solo entity will also apply to an insurance group. These proposals will also be further enhanced in the legislation that will give effect to the Solvency Assessment and Management (SAM) project (see details under question 1).	

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					☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents: http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf	
13 (8)	(Lon)	Establishment of Supervisory colleges	To establish the remaining supervisory colleges for significant cross-border firms by June 2009.	June 2009 (for establishing supervisory colleges)	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: INSURANCE: Please refer to the response in question 11 read with question 1. The implementation of the insurance groups legislative requirements in 2013 will require that the FSB establish and host supervisory colleges where it will be the lead supervisor of the group. In respect of the significant cross border groups were the FSB is not the lead	Planned actions (if any): South Africa is closely monitoring any international developments. INSURANCE: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: Web-links to relevant documents:

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					supervisor the FSB has participated in the supervisory colleges that were established. ☐Completed as of Overview (short description) of action(s) taken: South African bank supervisors participate where required in international core supervisory groups as well as where South Africa is specifically invited to attend. From a domestic perspective, South Africa has a number of institution specific bilateral meetings with regulators of countries where South African banks have a presence and vice versa Web-links to relevant documents:	
14 (8)	(Seoul)	Conducting risk assessments through international supervisory colleges	We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: As mentioned above INSURANCE:	Planned actions (if any): South Africa is closely monitoring any international developments. INSURANCE: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date:

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					Please refer to the answer to 12. Please note that for the supervisory colleges that the FSB is not the lead supervisor that it participated in, those groups did go through a risk assessment as part of the international colleges. Banks: Please refer to the response in recommendation 13. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Web-links to relevant documents:
15 (9)	(FSF 2008)	Supervisory exchange of information and coordination	V.7 To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa fully cooperates with all international initiatives on coordination through the Financial Stability Board, OECD, FATF, IMF, World Bank, IOSCO,	Planned actions (if any): South Africa is closely monitoring any international developments. The establishment of the Council for Financial Regulators. The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date:

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			practice benchmarks should be improved at both national and international levels.		IAIS, IOPS, and similar bodies. The South African non-bank regulator has also signed the Multilateral Memoranda of Understanding (e.g. IOSCO) and concluded bilateral MoUs with other domestic regulators for the exchange of information and the enhancement of cooperation between regulators. IOSCO and IAIS have formed task groups mandated to look specifically into the issue of supervisory cooperation by securities regulators. In a similar fashion, the bank supervisor has entered into numerous MoU's with other jurisdictions'' regulators. A complete list is available in the Annual Report. South Africa will, as part of the twin peaks implementation process, establish the Council for Financial Regulators which will focus on ensuring appropriate regulatory and supervisory co-ordination between domestic financial regulators. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Web-links to relevant documents:

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16 (10)	(Seoul)	More effective oversight and supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: IOSCO has recently revised its Principles for Securities regulation to provide for, amongst others, the effectiveness of regulatory oversight and supervision and the involvement of securities regulators in systemic risk monitoring, management and mitigation. The IOSCO Methodology for assessment of implementation of these principles has been developed by IOSCO. South Africa is in the process of conducting a self-assessment to monitor and ensure compliance with the 8 new Principles. FSAP's conducted on the bank supervisor's compliance with Core Principles indicate that South Africa is in most instances fully compliant with the prescribed legal powers. Twin peaks reform process includes the development of new legislation to refine the mandates of the stability, prudential and	Planned actions (if any): Discussion document will be released on expanding the scope of regulation. INSURANCE: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: Web-links to relevant documents:

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					market conduct supervisors respectively. ☐Completed as of Overview (short description) of action(s) taken: INSURANCE: South Africa has recently participated in the IAIS self-assessment and peer review exercise on ICPs 1 And 2: Mandate and Supervisory Powers. The initial assessment has shown that these ICPs are largely observed. The legislative initiatives referred to under question 1 will ensure full alignment with the ICPs. In addition to these initiatives, the FSB has introduced a prudential risk based supervisory framework. This framework informs the risk assessment of and level of intervention in each registered insurer. The FSB has also, in 2011, introduced prescribed market and insurance stress testing requirements for insurers. All the major insurers in the market (top 5 long- and short-term insurance companies) are required on a bi-annual basis to provide the FSB with the results of the market stresses. All other registered insurers are required to on an annual basis submit the results of the prescribed market and insurance stress testing requirements.	

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					IAIS is reviewing its ICP9 (the Core Principle and Standards regarding Supervision of insurers) and South Africa is participating in the review process and will aim for ongoing compliance. Web-links to relevant documents:	
17 (12)	(FSF 2008)	Supervisory resources and expertise to oversee the risks of financial innovation	V.1 Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: In the banking system, adequate steps have been taken by the Banking Supervision department to ensure the adequacy of resources so as to be able to understand the risks arising as a result of financial innovation. Whenever banks seek to introduce new products an engagement takes place with the Bank Supervision Department to ensure that the department is comfortable with the risks relating to such products as well as the adequacy of the governance processes undertaken by the bank to satisfy itself regarding the	Planned actions (if any): South Africa has formed an interagency working group to review the current scope of regulation. As part of its mandate, this working group will consider the risks posed from financial innovation to different regulators and propose changes to regulations. Expected commencement date: Web-links to relevant documents:

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					acceptability of the risks, the adequacy of systems to be used to manage such products and risks arising these products and skill of the personnel to be used to oversee such products. INSURANCE: The FSB, in 2011, has restructured its Insurance Division to facilitate more focused and intensive supervision of those entities that potentially pose systemic risk. A dedicated Unit with risk and other experts has also been established to provide support to the supervision teams. See http://www.fsb.co.za/insurance/latest developments. FINACIAL MARKETS In the securities markets, the exchange has extensive engagements with any issuers seeking to list new products, so as to address any risk management measures associated with such innovative financial products. The exchange is required to present to the Financial Services Board any new products to be listed to ensure that the Financial Services Board fully understands any potential risks associated with such new product and to seek the regulator's in-principle approval. The exchange is	

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					required to update the regulator periodically of any developments in this regard. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
3. Building and implementing macro-prudential frameworks and tools						
18 (23)	(Lon)	Amendment of regulatory systems to take account of macro-prudential risks	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: Current legislation for banking institutions provides the requisite powers to identify such risks. This is also supplemented by a MoU and regular interaction between the bank and non-bank regulators. South Africa has formed an interagency working group to review the current approach to prudential regulatory standards. This forms part of the working group's terms of reference, and concrete proposals to amend regulatory legislation is expected in the medium term.	Planned actions (if any): The review by the working group and the structural funding committee will determine whether new legislation is necessary. New legislation to affect the twin peaks model, is likely to include more explicit powers regarding macro-prudential oversight. Expected commencement date: Web-links to relevant documents:

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					Further, the National Treasury is presently chairing a committee investigating structural funding and liquidity risk management in the South African financial system. The committee comprises representatives from the banking and insurance regulators, as well as representatives from the financial services industry. In addition, the status and membership of the Financial Stability Committee of the SARB was elevated in 2010, whilst a Financial Stability Oversight Committee was established in 2011. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
19 (24)	(Lon)	Powers for gathering relevant information by national regulators	Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): A regulators roundtable was formed in 2008 to improve regulatory coordination. Government is considering a proposal to formalise the roundtable into a Council of Financial Regulators.

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			order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions.		☒ Others, please specify: South Africa is currently reviewing legislation on information gathering. The preliminary outcome of the review indicates that the Banking Supervisor has sufficient powers to gather relevant information. However, legislation compels the Supervisor to keep this information confidential, as it should be. Consideration is being given to whether or not these powers should be extended to other regulators, or if the information sharing responsibilities of the supervisor should be increased, under certain circumstances. The Financial Services Board can request any information from its regulated entities. In respect of securities, any operational risks that may cause a systemic risk will be addressed by the Financial Sector Contingency Forum (FSCF). This is a forum that is represented by, amongst others, the SA Reserve Bank, Financial Services Board and the SROs. The Financial Stability Oversight Committee also plays a major role in coordinating financial stability related issues. This is an interagency Committee comprising of the SARB, FSB, and SA National Treasury. INSURANCE: The FSB has wide powers to secure and	INSURANCE: The FSB will make an application to become a signatory to the IAIS MMoU by the end of 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					share information. South Africa has also recently participated in the IAIS self-assessment and peer review exercise on ICPs 1 And 2: Mandate and Supervisory Powers. The initial assessment has shown that these ICPs are largely observed. See section 22 of the Financial Services Board Act, 1990 at http://www.fsb.co.za/legislation ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
20 (25)	(FSF 2009)	Use of macro-prudential tools	3.1 Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of	End-2009 and ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South African banks' leverage ratios are well within the prescribed Basel III requirements. South African authorities are undertaking work on its legislative	Planned actions (if any): South Africa is awaiting any further guidance from the BCBS and the Financial Stability Board. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level… Authorities should review enforcing minimum initial margins and haircuts for OTC derivatives and securities financing transactions. We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject.		framework to address leverage ratios and capital requirements, in line with BCBS proposals. The Financial Stability Unit of the Bank Supervision Department of the South African Reserve Bank uses quantitative indicators as part of its macroprudential tools to analyse the financial services sector. Improvement of the existing tools and the development of new ones are ongoing. The South African Reserve Bank has also elevated its Financial Stability Committee to a level commensurate with the Monetary Policy Committee, to facilitate the implementation of macroprudential policy tools. The National Treasury and Financial Services Board are currently investigating ways to regulate OTC derivatives. To this end, a number of provisions have been enabled in the FMB. Further, a Working Group consisting of SARB, BASA, NT, JSE, FSB has agreed to a phased approach and has drafted a consultative paper for Phase 1 to seek market participants' views in this regard. ☐Completed as of Overview (short description) of action(s)	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					taken: Web-links to relevant documents: http://www.treasury.gov.za/legislation/bills/2012/FMB/	
21 (26)	(WAP)	Monitoring of asset price changes	Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The central bank monitors developments in asset prices as part of its financial stability surveillance programme and consider this as well for monetary policy purposes. The effects of changing prices on the banking sector are closely monitored by the Bank Supervision Department of the central bank as well as the linkage to loan impairment levels. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Currently the inflation targeting regime in South Africa does not explicitly incorporate asset prices in its models, but do consider the broader trends. Further research into the nexus between asset prices, monetary policy and financial stability, is however required and we welcome initiatives in this regard by the G-20 and the FSB. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
22 (27)	(FSF 2008)	Improved cooperation between supervisors and central banks	V.8 Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa supports the development of additional mechanisms. In addition to the Financial Stability Committee and the Financial Stability Oversight Committee (as explained earlier), SA has a number of MoU's in place governing the exchange of information and cooperation. There currently exists a MoU between the South African banking regulator and the South African non-bank regulator, called the Financial Services Board, which enables the sharing of institution specific information between the two regulatory bodies. In respect of securities, any operational risks that may cause a systemic risk will be addressed by the Financial Sector Contingency Forum (FSCF). This is a	Planned actions (if any): The integration of prudential regulators under the auspices of the SARB will contribute towards sharing of financial stability information in an effective way. INSURANCE: The FSB will make an application to become a signatory to the IAIS MMoU by the end of 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					forum that is represented by, amongst others, the SA Reserve Bank, Financial Services Board and the SROs. The Financial Services Board is also a signatory to the IOSCO Multilateral MoU. INSURANCE: The South African banking and non-banking regulator, since 2010, meet on a quarterly basis to exchange information. Joint investigations and enforcement actions are also undertaken. Furthermore the South African banking and non-banking regulators also on a bi-annual basis discuss the results and risks associated with the major banking/insurance groups. The FSB has wide powers to secure and share information. South Africa, in June 2011, participated in the IAIS Ad Hoc Group - Supervisory Cooperation and Information Exchange assessment. The assessment has shown that these ICPs are mostly largely observed. ☐ Completed as of Overview (short description) of action(s) taken:	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
4. Improving oversight of credit rating agencies						
23 (35)	(Lon)	Registration of CRAs etc.	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: In respect of Credit Rating Agencies (CRA), whose ratings are used by banks in terms of Basel 2, these have, in terms of banking legislation, to be approved by the banking regulator and such approval is subject to annual review. The Credit Rating Services Bill providing for the regulation of credit rating agencies and credit rating services in South Africa has been tabled in Parliament. The Bill and the accompanying subordinate legislation have been aligned to the G20 recommendations and to the IOSCO Code of conduct for credit rating agencies. ☐Completed as of Overview (short description) of action(s)	Planned actions (if any): The CRS Bill has been tabled in Parliament. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					taken: Web-links to relevant documents: http://www.treasury.gov.za	
24 (36)	(Lon)	CRA practices and procedures etc.	National authorities will enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The draft legislation and subordinate legislation address CRA practices and procedures in respect of managing conflicts of interest, transparency and quality of rating process. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Planned actions (if any): The CRS Act is expected to be promulgated in 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO.			
25 (37)	(FSB 2009)	Globally compatible solutions to conflicting compliance obligations for CRAs	Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010.	As early as possible in 2010	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: The legislation provides for CRAs that are fully compliant with foreign jurisdictions to operate in South Africa, subject to registration. Regular reports on their adherence to the rules in foreign jurisdictions will be required. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): The CRS Act is expected to be promulgated in 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
26 (38)	(Seoul) (FSF 2008)	Reducing the reliance on ratings	We also endorsed the FSB's principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. IV. 8 Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence,	Ongoing	No response required for this survey. Please refer to national summary tables in *Progress Report on Reducing Reliance on CRA Ratings* (forthcoming).	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
	(Cannes)		and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. We reaffirm our commitment to reduce authorities' and financial institutions' reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings.			
5. Enhancing and aligning accounting standards						
27 (28)	(WAP)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of	Planned actions (if any): Monitoring of compliance is ongoing. Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards.		☐ Final rules expected to be in force by ☐ Others, please specify: South African listed companies, including all registered banks and insurance firms have to comply with IFRS. The regulatory bodies cooperate and meet often as part of the supervisory process with auditors and with the Independent Regulatory Board for Auditors (IRBA), the statutory body controlling that part of the accountancy profession involved with public accountancy in the Republic of South Africa. All entrants to the public accountancy profession are subject to consistent requirements. Following qualification, accountants entering into public practice are required to register with the IRBA and are governed by its regulations. Qualified accountants entering other disciplines are subject to the jurisdiction of the South African Institute of Chartered Accountants. The IRBA functions in terms of the Auditing Profession Act No. 26 of 2005. The IRBA develops and maintains auditing standards that are internationally comparable, develops and maintains ethical standards that are internationally comparable, provide an appropriate framework for the education and training of properly qualified auditors	Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					as well as their ongoing competence, inspects and reviews the work of registered auditors and their practices to monitor their compliance with the professional standards and investigates and takes appropriate action against registered auditors in respect of non-compliance with standards and improper conduct. The regulatory authorities are also represented on the South African Institute of Chartered Accounts' interest groups. These interest groups are made up of professional auditors, industry representation and the various regulators. ☒Completed as of Overview (short description) of action(s) taken: IFRS has been fully implemented. Web-links to relevant documents:	
28 (30)	(FSF 2009)	The use of valuation reserves or adjustments by accounting standard setters and supervisors	3.4 Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): As we receive guidance from international standard setters, we will amend guidance for firms on accounting standards. Expected commencement date:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			fair valued financial instruments when data or modelling needed to support their valuation is weak.		☒ Others, please specify: Awaiting guidance from accounting standard setters on the desired approach to relevant accounting standards. Banking groups, in terms of banking legislation, are obliged to comply with the Basel 2 Pillar 3 disclosure requirements. INSURANCE: The FSB requires the statutory actuary to, at his / her discretion, set up a data reserve if the data supporting some of the technical liabilities are inaccurate. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	Web-links to relevant documents:
29 (31)	(FSF 2009)	Dampening of dynamics associated with FVA.	3.5 Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen	End-2009	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by	Planned actions (if any): As we receive guidance from international standard setters, we will amend guidance for firms on accounting standards. INSURANCE:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements.		☒ Others, please specify: Awaiting guidance from accounting standard setters on the desired approach to relevant accounting standards. Banking groups, in terms of banking legislation, are obliged to comply with the Basel 2 Pillar 3 disclosure requirements. INSURANCE: All insurers must comply with IFRS, however, specific statutory requirements apply to enhance prudential supervision. The current legislation provides for various requirements to dampen adverse dynamics potentially associated with fair value accounting. These includes: • Limitations on inadmissible assets; • Valuation requirements relating to investments in group undertakings that are based on net asset value; and • Spreading requirements on investments held. The existing requirements for insurers are therefore sufficiently robust, but will be reconsidered in developing the new the Solvency Assessment and Management regime (see details under question 1). ☐Completed as of	The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Overview (short description) of action(s) taken: Web-links to relevant documents:	
6. Strengthening adherence to international financial standards						
30 (32)	(Lon)	Adherence to international prudential regulatory and supervisory standards, as well as agreeing to undergo FSAP/ FSB periodic peer reviews (Note) Please try to prioritise any major initiatives conducted specifically in your jurisdiction	We are committed to strengthened adherence to international prudential regulatory and supervisory standards. FSB members commit to pursue the maintenance of financial stability, enhance the openness and transparency of the financial sector, implement international financial standards, and agree to undergo periodic peer reviews, using among other	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☒Completed as of 2010. Overview (short description) of action(s) taken: South Africa is a signatory to all relevant conventions and standards. Remaining ROSCs from the 2008 FSAP were completed in 2010 and South Africa was found to be fully/largely compliant with most standards. The results of the ROSCs have been forwarded to the Financial Stability Board. South Africa underwent its second FATF	Planned actions (if any): South Africa is continuously monitoring any updates to international standards to which it is a signatory and will amend legislation as and when required. South Africa will be peer-reviewed by the Financial Stability Board in 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			evidence IMF / World Bank FSAP reports.		assessment in 2008. The report was released in February 2009 and found that South Africa fully complied with 12 out of the 16 core and key FATF 40 + 9 Recommendations. The remaining ROSCs of the 2008 IMF-led FSAP have been completed in 2010. The regulatory authorities regularly participate in the standard-setters self-assessment and peer review exercises. This year we will undergo a resolution regime review, as well as a FSB peer review. RETIREMENT FUNDS Retirement funds regulator recently underwent a benchmarking/peer review against International Organisation of Pensions Supervisors principles as part of the harmonisation project of the Committee of Insurance, Securities and non-banking Financial Authorities (CISNA, a subcommittee of the South African Development Community) for retirement funds. Web-links to relevant documents:	

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
7. Enhancing risk management						
31 (4)	(WAP)	Enhancing guidance to strengthen banks' risk management practices	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa engages with banks and other regulated financial institutions on an ongoing basis to ensure that their risk management practices are in line with international best practice and are of the highest standard. It is our opinion that one of the key reasons SA avoided the worst of the global financial crisis was due to sound risk management on the part of the banks, which had been substantially improved following a domestic banking crisis. South Africa has fully implemented the BCBS's 25 Core Principles for Effective Banking Supervision as well as the Basel 2 framework and work is well underway to implement Basel III. In a similar vein, compliance by the non-bank regulator with their respective Core Principles and Principles are at an acceptable level. ☐Completed as of	Planned actions (if any): South Africa is continuously monitoring compliance and issue guidance and directives on a regular basis where a gap is identified. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Overview (short description) of action(s) taken: Web-links to relevant documents:	
32 (4)	(FSF 2009)	Validation of adequacy of banks' capital buffers	1.4 Supervisors should use the BCBS enhanced stress testing practices as a critical part of the Pillar 2 supervisory review process to validate the adequacy of banks' capital buffers above the minimum regulatory capital requirement.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa requires banks to undertake regular stress tests, both from a micro and macro level. Macro- stress testing exercise was undertaken as part of the 2008 FSAP review, in 2009 and the Bank supervision department of the central bank is in process developing stress scenarios to be sent to banks and which are to be applied to their portfolios. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Thematic stress testing reviews, which include a weak economic growth outlook, are in process of being undertaken at the major banking institutions during the current year. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
33 (4)	(FSF 2008)	Monitoring the implementation of updated guidance on liquidity risk	II.10 National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: All banks share their liquidity plans with the supervisor. This topic was the subject of the 2009 annual meetings between the boards of directors of banks and banking groups with the bank regulators where banks are required to demonstrate how they comply with the September 2008 Basel committee publication setting out Principles for Sound Liquidity Risk Management. Banks liquidity contingency plans are regularly reviewed by the Bank Supervisors and this also formed part of the Stress testing thematic reviews which were conducted through 2009. Several QIS studies were undertaken recently to quantify the impact of the LCR and the NSFR. ☐Completed as of	Planned actions (if any): Monitoring of compliance is on-going. A review of structural liquidity risks is being undertaken by a joint task team comprising the Treasury, Bank Supervisor and financial services regulator. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Overview (short description) of action(s) taken: Web-links to relevant documents:	
34 (4)	(FSB 2009)	Enhancing banks' operations in foreign currency funding markets	Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: Exposure of the banking system to foreign currency funding is strictly regulated and there is a constraint on banks' net open positions equal to not more than 10 per cent of their regulatory capital. In practice, banks' NOP positions are well below this limit as they are not reliant on foreign funding as a source of funding. ☐Completed as of Overview (short description) of action(s) taken:	Planned actions (if any): Monitoring of compliance is ongoing. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					Web-links to relevant documents:	
35 (39)	(Pitts)	Robust, transparent stress test	We commit to conduct robust, transparent stress tests as needed.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa requires banks to undertake regular stress tests. Both bottom-up stress tests (by individual banks, based on a common prescribed scenario) and top-down stress tests are conducted. INSURANCE: The FSB has introduced a prudential risk based supervisory framework. This framework informs the risk assessment of and level of intervention in each registered insurer. The FSB has also, in 2011, introduced prescribed market and insurance stress testing requirements for insurers. All the major insurers in the market (top 5 long- and short-term insurance companies) are required on a bi-annual basis to provide the FSB with the results of the market stresses. All other registered insurers are required to	Planned actions (if any): As explained earlier, a macro-stress test exercise will take place in 2012. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					on an annual basis submit the results of the prescribed market and insurance stress testing requirements. See http://www.fsb.co.za/insurance. ☐ Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents:	
36 (40)	(Pitts)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South African banks are well capitalised with a mandated capital adequacy ratio of 9.5 per cent (compared to international minimum of 8 per cent) under the Basel II regime. ☐ Completed as of Overview (short description) of action(s)	Planned actions (if any): South Africa is continuously monitoring compliance. The introduction of Basel III capital regime is on track. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					taken: Web-links to relevant documents:	
37 (41)	(WAP)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate.	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: INSURANCE: As stated above (see question 1), the FSB is introducing a new risk based capital regime (SAM). Under SAM, the Pillar 3 reporting and disclosure requirements will be enhanced in line with international best practices. ☒Completed as of Overview (short description) of action(s) taken: Currently banks are required to report losses monthly, in line with the requirements of Basel II pillar 3, which are part of banking legislation. South Africa supports initiatives	Planned actions (if any): South Africa is continuously monitoring compliance. INSURANCE: The FSB will continue with the initiatives highlighted in the previous column. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					by the BCBS and elsewhere to improve the reporting standards. South Africa's listed financial institutions are fully compliant with International Financial Reporting Standards. INSURANCE: In respect of insurers, detailed reporting on losses is done on an annual basis for long-term insurers and on a quarterly basis for short-term insurers. Web-links to relevant documents:	
8. Strengthening deposit insurance						
38 (42)	(FSF 2008)	Review of national deposit insurance arrangements	VI.9 National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed.	Ongoing	No response required for this survey. Please refer to peer review report on deposit insurance systems published in February 2012, available at: http://www.financialstabilityboard.org/publications/r_120208.pdf	
9. Safeguarding the integrity and efficiency of financial markets						
39 (new)	(Cannes)	Market integrity and efficiency	We must ensure that markets serve efficient allocation	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by	Planned actions (if any):

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012.		☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify: ☐Completed as of Overview (short description) of action(s) taken: In respect of the securities market, we are currently conducting self-assessment of compliance with the recommendations set out in the recent IOSCO paper in this regard. Web-links to relevant documents:	Expected commencement date: Web-links to relevant documents:
40 (new)	(Cannes)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these	Ongoing	Implementation ongoing: ☐ Draft regulations/guidelines being developed, expected publication by ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☐ Others, please specify:	Planned actions (if any): See comments in previous column. Expected commencement date: Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
			markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012		☐Completed as of Overview (short description) of action(s) taken: As explained earlier, South Africa is in the process of enhancing its regulation of the capital markets with the release of the Financial Markets Bill, which addresses a number of regulatory gaps and lessons learned from the global financial crisis. Proposals to regulate the OTC market was recently released and is available on http://www.treasury.gov.za/legislation/bills/2012/FMB/ Web-links to relevant documents:	
10. Enhancing consumer protection						
41 (new)	(Cannes)	Financial consumer	We agree that integration of	Ongoing	Implementation ongoing: ☒ Draft regulations/guidelines being	Planned actions (if any): Final version of TCF self-

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
		protection	financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions.		developed, expected publication by 2013 ☐ Draft regulations/guidelines published as of ☐ Final rules expected to be in force by ☒ Others, please specify: South Africa has stated its intention of moving to a "twin peaks" model of financial regulation. Within this model, the Financial Services Board (currently the market conduct and prudential supervisor of the non-banking sector) will be given a revised mandate as the dedicated market conduct regulator of the full financial services sector, including the banking sector. Co-ordination mechanisms between the market conduct regulator and the macro- and microprudential regulatory authorities are being developed to ensure that the potential financial stability risks arising from market conduct issues are adequately identified, communicated and mitigated. The market conduct regulator's regulatory and supervisory frameworks are being developed to comply with the OECD consumer protection principles and other relevant international standards. More specifically, the market conduct regulator has already embarked on an	assessment tool for industry used to be published by mid 2012. TCF Regulatory Framework Steering Committee to issue high level regulatory recommendations by end 2012, with drafting and consultation during 2013, and full implementation in 2014. TCF baseline study of a broad sample of regulated institutions to be conducted analysed and findings reported on during 2012. Expected commencement date: Full implementation of TCF framework in 2014 – but subject to overall implementation timelines of the twin peaks regulatory reform process. Web-links to relevant documents:

# (# in brackets are from 2011 template)	G20/FSB Recommendations			Deadline	Progress to Date	Planned Next Steps
					outcomes based market conduct and consumer protection regulatory initiative entitled Treating Customers Fairly (TCF). A multi-stakeholder steering committee is in the process of reviewing all current consumer protection related legislation applicable to the financial services sector and formulating regulatory recommendations to close identified gaps or inconsistencies in the framework. A pilot TCF self-assessment exercise of a sample of regulated financial institutions has been conducted and the findings published. ☐Completed as of Overview (short description) of action(s) taken: Web-links to relevant documents: http://www.trusteetoolkit.co.za	

Origin of recommendations:

Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Pitts: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
Lon: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Tor: The G-20 Toronto Summit Declaration (26-27 June 2010)
WAP: The Washington Summit Action Plan to Implement Principles for Reform (15 November 2008)
FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience (7 April 2008)
FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System (2 April 2009)
FSB 2009: The FSB Report on Improving Financial Regulation (25 September 2009)

Index of acronyms

Example:
FSB: Financial Stability Board

BASA: Banking Association South Africa
BCBS: Basel Committee on Banking Supervision
BSD: Bank Supervision Department
CISNA: Committee of Insurance, Securities and non-banking Financial Authorities
CRA: Credit Rating Agencies
CRS: Credit Ratings Services
FAIS: Financial Advisory and Intermediary Services Act
FATF: Financial Action Task Force
FMB: Financial Markets Bill
FSCF: Financial Sector Contingency Forum
FSOC: Financial Stability Oversight Committee
IAIS: International Association of Insurance Supervisors
ICP: Insurance Core Principles
IMF: International Monetary Fund
IRBA: Independent Regulatory Board Auditors
JSE: Johannesburg Stock Exchange
MMoUs: Multilateral Memorandum of Understanding
NT: National Treasury
OECD: Organisation for Economic Co-operation and Development
ROSC: Reports on the Observance of standards and codes
SARB: South African Reserve Bank
SA FSB: South African Financial Services Board
SAM: Solvency Assessment and Management
SRO: Self-regulatory Organisation
TCF: Treating Customers Fairly