Jurisdiction : **South Africa**

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	**Refining the regulatory perimeter**				
1 (2) (1)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London) We agree to strengthen the regulation and oversight of the shadow banking system.[1] (Cannes)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc. Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report*:* *Shadow Banking: Strengthening Oversight and Regulation*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: The Financial Markets Act no.19 of 2012 came into effect on 3 June 2013 replacing the Securities Services Act no. 36 of 2004. Insurance: a.The South African Financial Services 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 highlighted in the IMF / World Bank assessment of South Africa's compliance with the ICPs in March 2010. b. The South African	**Planned actions (if any):** Subordinate legislation in support of the Financial Markets Act, 19 of 2012 including regulations pertaining to the OTC Derivatives market, will be introduced in phases over the next 2 years, through the appropriate process. This will include inter alia, publication of regulations in respect of Central Counterparties, Trade Repositories as well as OTC Derivatives Providers for public comment by Q4 2014. South Africa will give effect to key findings identified by the IMF / World Bank assessment of South Africa's compliance with the ICPs through the Insurance Law Amendment Bill in 2014/2015. It is envisaged that the microinsurance legislative framework will be published for comment in 2014 and promulgated in 2015 as part of other legislative reforms. The Insurance Law Amendment Bill is currently before SA's Parliament. It is expected to be promulgated late 2013. **Expected commencement date:** SAM will be implementated on January

[1] This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				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). c. The South African Financial Service Board is participating in the 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. d. Financial Services Laws General Amendment Bill, 2012 is already at an advanced stage of being promulgated into legislation. This draft Financial Services Laws General Amendment Bill,	2016 **Web-links to relevant documents:** ftp.fsb.co.za/public/insurance/SAM http://www.fsb.co.za/insurance/latest developments http://www.fsb.co.za/capitalmarkets/legislation/fnancialmarketsact19of2012

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				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. In February 2013, our domestic financial authorities published the Implementation Document for the Twin Peaks model of financial regulation. South Africa is moving to a "twin peaks" model of financial regulation which will holistically review the supervisory and regulatory frameworks for stability, prudential and market conduct regulation of the financial services sector. Retirement funds that are underwritten by a South African insurer will benefit indirectly from SAM Regulation 28containing the prudent investment guidelines for retirement funds has been modernised and amended with effect from 1 July 2011 combining both principle and rules. **Status of progress :** Draft in preparation, expected publication by : The draft regulations for the OTC Derivatives specify the requirements for authorisation as OTC Derivatives providers and list the	

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				business conduct standards, code of conduct etc. for authorised participants. The regulations are expected to be effective by end 2013. Regulations mandated on central reporting will be effective by end 2013 and central clearing will be consulted on from mid-2014. **Short description of the content of the legislation/ regulation/guideline:** The Financial Markets Act updates the Securities Services Act (No. 36 of 2004), to take into account developments in the international regulations and to strengthen our regulation approach to financial markets and its participants. In particular, it enables a regulatory framework for unlisted securities, and enables central reporting and clearing for derivatives. The Financial Markets Act will enable among other the regulation of OTC Derivatives and make provision for the licensing of independent clearing houses (CCPs) and Trade Repositories. **Web-links to relevant documents:** http://www.fsb.co.za/capitalmarkets/legislation/fnancialmarketsact19of2012	

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II.	**Hedge funds**				
2 (3)	Registration, appropriate disclosures and oversight 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 …(Seoul) 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 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. (London)	Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's [Report on Hedge Fund Oversight (Jun 2009)]() that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft published as of : 13/09/2012 **Short description of the content of the legislation/ regulation/guideline:** A regulatory framework for the regulation and supervision of hedge funds has been developed. The framework was released by National Treasury and the Financial Service Board in September 2012 for public comment and engagement. The process to refine the framework has begun after comments were received from public consultation with stakeholders The framework proposes two types of funds (1) Retail hedge funds (2) Restricted hedge funds. Retail hedge funds will be	**Planned actions (if any):** Legislative amendments will be considered as part of the review process. In South Africa, all hedge funds are already required since 2007 to register and report certain information to the Financial Service Board in terms of the Financial Advisory and Intermediary Service Act, 2002("FAIS Act"). The reporting and disclosure requirements for hedge funds managers will be reviewed in line with IOSCO recommendations. **Expected commencement date:** 01/06/2014 **Web-links to relevant documents:**

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				subject to a stringent regulatory system, for example on leveraging, marketing, and capital and liquidity requirements. Restricted hedge funds will be subject to a lighter form of regulation and mainly on reporting for monitoring of systemic risk and limited marketing to the general public. The framework will follow the IOSOC's guidelines and principles. **Web-links to relevant documents:** ftp://ftp.fsb.co.za/public/Collective_Investments_Schemes/Press%20Release%20Hedge%20fund%20regulation.pdf. http://www.treasury.gov.za/comm_media/press/2012/ANNEXURE%20A%20-Regulation%20of%20Hedge%20Funds%20in%20South%20Africa-%20A%20proposed%20framework	

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3 (4)	Establishment of international information sharing framework	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 of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's *Report on Hedge Fund Oversight (Jun 2009)* on sharing information to facilitate the oversight of globally active fund managers.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft in preparation, expected publication by : June 2014 **Short description of the content of the legislation/ regulation/guideline:** South Africa cooperates fully with international institutions, such as the Financial Stability Board, and awaits any further guidance on issues relating to the regulation of cross-border institutions and groups. **Web-links to relevant documents:**	**Planned actions (if any):** On-going **Expected commencement date:** **Web-links to relevant documents:**

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4 (5) (6)	Enhancing counterparty risk management	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. (London) Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents : • *Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Banks' Interactions with Highly Leveraged Institutions (Jan 1999)* • *Basel III (June 2011) – relevant references to counterparty credit risk standards*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** 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, as noted above, South Africa is in the process of finalising a hedge fund framework that will try to capture and strengthen the regulation of hedge fund counterparty risk, especially for Retail hedge funds.	**Planned actions (if any):** South Africa is monitoring compliance on an on-going. **Expected commencement date:** 01/06/2014 **Web-links to relevant documents:**

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				Web-links to relevant documents: ftp://ftp.fsb.co.za/public/pension/Part1gazette.pdf	

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III.	**Securitisation**				
5 (7) (8)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: • implement IOSCO's proposals to strengthen practices in securitisation markets. (FSB 2009) The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	Jurisdictions should indicate the progress made in implementing the recommendations contained in: • IOSCO's *Report on Global Developments in Securitisation Regulation (Nov 2012)* including justification for any exemptions to IOSCO requirements; and • BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** During 2008 a detailed review of the 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. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: In 2012, a requirement was placed on banks for information to be included in applications in terms of the Securitisation notice. **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** In addition from January 2012,'re-securitisation' was carved out from	**Planned actions (if any):** South Africa is continuously monitoring compliance. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				securitisation in terms of both regulatory treatment and data returns, in recognition of the different inherent risks in each, in line with BCBS capital requirements. 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. Capital Markets: The South African Financial Services Boards (SA FSB) has benchmarked the JSE’s listing requirements against the recommendations of the IOSCO Report on Global Developments in Securisation Regulation (2012). Preliminary findings have been identified and SA FSB will engage with the JSE to address the gaps. **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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines. See, for reference, the following principles issued by IAIS: • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).	Not applicable ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** There are no monolines insurers operating in South Africa. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product. See, for reference, the principles contained in IOSCO's report on *Good Practices in Relation to Investment Managers´ Due Diligence When Investing in Structured Finance Instruments (Jul 2009)* and *Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).* Jurisdictions may also refer to the Joint Forum report on *Credit Risk Transfer- Developments from 2005-2007 (Jul 2008).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: South African 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. **Status of progress :** Draft in preparation, expected publication by : SAM will be implemented on Jan 2016 **Short description of the content of the legislation/ regulation/guideline:** 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. The existing requirements	**Planned actions (if any):** The FSB will continue with the initiatives highlighted in the previous column and is continuously monitoring compliance with existing requirements. South Africa is continuously monitoring the compliance. **Expected commencement date:** **Web-links to relevant documents:**

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				relate to limitations on the type and spreading of assets, limitations on derivatives trading, parameters for the valuation of group undertakings and capital requirements that requires the consideration of market and credit risk. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products. See, for reference, IOSCO's *Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012)* *that* complements IOSCO's *Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), 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 financial products. **Status of progress :** Draft in preparation, expected publication by : Ongoing **Short description of the content of the legislation/ regulation/guideline:** 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 a multi-stakeholder task group to review product disclosure practices across all regulated financial services sectors and products. From the	**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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				recommendations included in the IOSCO Report on Principles for On-going Disclosure for Assets backed securities (Nov) 2012, the South African Financial Service Board has benchmarked the JSE listing requirement to the recommendations Preliminary findings have been identified and the SA FSB will engage with the JSE to address gaps. **Web-links to relevant documents:**	

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IV.	**Enhancing supervision**				
9 (12)	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. (Pittsburgh)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.[2] See, for reference, the following documents: Joint Forum: • *Principles for the supervision of financial conglomerates (Sep 2012)* BCBS: • *Framework for G-SIBs (Nov 2011)* • *Framework for D-SIBs (Oct 2012)* • *BCP 12 (Sep 2012)* IAIS: *ICP 23* – Group wide supervision FSB: • *Framework for addressing SIFIs (Nov 2011)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: As part of risk management, South African regulators are enlarging the scope of regulation to take into account the systemic risks. The move towards a twin peaks approach to financial regulation (latest progress outlined in our document Implementing a twin peak model of financial regulation in SA) has also set out a range of proposals to broaden the scope of regulation appropriately. **Status of progress :** Reform effective (completed) as of : Regulations relating to Basel III were effective since 1 January 2013. **Short description of the content of the**	**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. **Expected commencement date:** The Twin peaks regulations are expected to commence from 1 April 2014. SAM as mentioned on previous columns will be implemented on January 2016. **Web-links to relevant documents:**

[2] The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				legislation/ regulation/guideline: Banks The bank supervisor applies consolidated supervision processes as prescribed by the Core Principles and the Basel II, II.5 and III framework. Insurance: The SA 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 SA FSB is further refining the reporting requirements for insurance groups. The SA 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 SA 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 SA FSB and the BSD have also established "supervisory colleges" to discuss the results and concerns around those identified groups. The SA FSB also participates in a number of foreign	

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				supervisory colleges. The supervisory powers of the SA FSB will also be further enhanced by the legislative proposals submitted to the National Treasury which aligns the South African insurance legislation with the Insurance Core Principles (ICPs) of the International Association of Insurance Supervisors as adopted in October 2011 and to specially address areas for improvement of the legislative framework highlighted in the IMF/World Bank assessment of South Africa's compliance with ICPs in March 2010. These 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 in 2016. **Web-links to relevant documents:**	

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				http://www.treasury.gov.za/documents/national%20budget/2011/A%20safer%20financial%20sector%20to%20serve%20South%20Africa%20better.pdf http://www.treasury.gov.za/comm_media/press/2013/2013020102%20-%20Twin%20Peaks%2001%20Feb%202013.pdf	

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10 (13) (14)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London) We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges …(Seoul)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments. See, for reference, the following documents: BCBS: • *Good practice principles on supervisory colleges (Oct 2010)* • *Report and recommendations on cross-border bank resolution (Mar 2010)* IOSCO: • *Principles Regarding Cross-Border Supervisory Cooperation (May 2010)* IAIS : • *ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges* • *Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Please refer to the response in question 9 (12) read with question 1. The implementation of the insurance group's legislative requirements in 2014 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 the FSB is not the lead supervisor, the FSB has participated in the supervisory colleges that were established. 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	**Planned actions (if any):** South Africa is closely monitoring any international developments. **Expected commencement date:** The FSB will continue with the initiatives highlighted in the previous column. **Web-links to relevant documents:**

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				versa. **Status of progress :** Draft in preparation, expected publication by : The implementation of the insurance group's legislative requirements in 2014 will require that the FSB establish and host supervisory colleges where it will be the lead supervisor of the group. **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

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11 (15) New	Supervisory exchange of information and coordination	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 practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008) Enhance the effectiveness of core supervisory colleges. (FSB 2012)	Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations. Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: South Africa fully cooperates with all international initiatives on coordination through the Financial Stability Board, OECD, FATF, IMF, World Bank, IOSCO, 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	**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:** **Web-links to relevant documents:**

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				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. **Status of progress :** Draft published as of : The Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation, further enhances the general information sharing provisions in existing legislation **Short description of the content of the legislation/ regulation/guideline:** Memoranda of Understanding of IOSCO, applied to become a signatory to the IAIS Multilateral Memoranda of Understanding. Insurance: The South African Financial Services Board participated in the IAIS Self-Assessment And Peer Review on ICPS 1,2 and 23 and submitted the report to the FSB in July 2012. The Financial Services Laws General Amendment Bill, 2012 already at an advanced stage of being promulgated into legislation, further enhances the general information sharing provisions in existing legislation. The South African Financial Service Board (SA FSB) has	

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				submitted legislative proposals to the National Treasury to further enhance insurance legislation in respect of information sharing and cooperation with other regulators. **Web-links to relevant documents:** http://ntintranet/legislation/bills/2012/FSL/	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
12 (16) (17) New	Strengthening resources and effective 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. (Seoul) 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. (FSF 2008) Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the [October 2006] BCPs 1 and 23 or, if more recent, the [September 2012] BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations. Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), 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 market	**Planned actions (if any):** A discussion document was released "Implementing a twin peaks model of financial regulation in SA" on the 1 February 2013 for public comments expanding the scope of regulation. Insurance: The FSB will continue with the initiatives highlighted in the previous column. In preparation for the implementation of the twin peaks model, the Financial Services Board of SA (which will become a dedicated market conduct regulator) has commenced a review of its supervisory framework for conduct of business supervision, including an assessment of the supervisory tools and resources required and a review of the current risk-based supervisory approach in view of the future market conduct supervision mandate. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				conduct supervisors respectively. The South African Financial Services Board has submitted legislative proposals 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 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. The South African Financial Services Board annually assesses the skills and resources required to conduct its supervisory activities effectively and efficiently. During 2012 and 2013 the insurance supervisory resources was restructured and significantly increased. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** Insurance: South Africa has recently participated in the IAIS self-assessment and peer review exercise on ICPs 1 and 2:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. 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. 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.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. 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:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V.	**Building and implementing macroprudential frameworks and tools**				
13 (18) (19)	Establishing regulatory framework for macro-prudential oversight	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[3] and private pools of capital to limit the build up of systemic risk. (London) Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in 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. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels. Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), 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	**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. Insurance: The SA FSB has made an application to become a signatory to the IAIS MMoU in January 2013. **Expected commencement date:** **Web-links to relevant documents:**

[3] The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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.The FSB has wide powers to secure and 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. **Status of progress :** Draft in preparation, expected publication by : Ongoing **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:** See section 22 of the Financial Services Board Act, 1990 at http://www.fsb.co.za/legislation	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20) (21)	Enhancing system-wide monitoring and the use of macro-prudential instruments	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 leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level…(Rec. 3.1, FSF 2009) 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. (Cannes) Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency. Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them. See, for reference, the CGFS document on *Operationalising the selection and application of macroprudential instruments (Dec 2012)*. Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on *Macroprudential policy tools and frameworks (Oct 2011)*, and the IMF paper on *Macroprudential policy, an organizing framework (Mar 2011).*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: South African banks' leverage ratios are well within the prescribed Basel III requirements. South African authorities are undertaking work on its legislative 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	**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:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				investigating ways to regulate OTC derivatives. To this end, a number of provisions have been enabled in the Financial Markets Act. 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. Phase 1 is at an advance stage at this point. **Status of progress :** Draft in preparation, expected publication by : on-going **Short description of the content of the legislation/ regulation/guideline:** 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial Services Board are currently investigating ways to regulate OTC derivatives. To this end, a number of provisions have been enabled in the Financial Markets Act. 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. Phase 1 is at an advance stage at this point. In the meantime the Pensions department at the FSB in consultation with National Treasury has drafted guidelines for retirement funds regarding the use of derivatives under Regulation 28. The guideline is in the form of a draft Notice to Regulation 28 that will be issued for public comment **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	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. (Rec. V.8 , FSF 2008)	Jurisdictions can make reference to the following BCBS documents: • *Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010)* • *Good Practice Principles on Supervisory Colleges (Oct 2010)* *(Principles 2, 3 and 4 in particular)*	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** 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 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 under insurance **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : The FSB and the South African Reserve Bank's Bank Supervision Department (BSD) have made a clear distinction in	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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 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. **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	**Improving oversight of credit rating agencies (CRAs)**				
16 (23) (24) (25)	Enhancing regulation and supervision of CRAs	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. (London) 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. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London) Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • *Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)* Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of *Principles and Objectives of Securities Regulation (Jun 2010)* which calls for registration and oversight programs for CRAs; • *Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003)*; and • *Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: In the absence of Legislation in place no supervisory actions have been taken to date. **Status of progress :** Reform effective (completed) as of : The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013. **Short description of the content of the legislation/ regulation/guideline:** The draft subordinate legislation relating to the Act was published for public comment on 15 March 2013. The	**Planned actions (if any):** Applications for Registration by Credit Rating Agencies commenced on 1 August 2013. The Registration process is expected to be completed by 30 November 2013. The date that credit ratings may be issued by registered credit rating agencies only, the so called section 3(2) of the Act date, coming in to effect is 17December 2013. **Expected commencement date:** **Web-links to relevant documents:** www.fsb.co.za, Credit Rating Services, legislation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				subordinate legislation is expected to be finalised by 30 June 2013. CREDIT RATING AGENCIES:The Credit Rating Services Act, Act No. 24 of 2012, was accepted by Parliament and assented to by the President of The Republic of South Africa on 9 January 2013 and came into effect on 15 April 2013. A phased in period, after which no person may perform credit rating services unless such person is registered in terms of the Act, will run to 17 December 2013. A new department has been set up in the Financial Services Board. The department was established on 1 April 2013 and is mandated to oversee the implementation of the Credit Rating Services Act, 24 of 2012, and to supervise and regulate the registered credit rating agencies going forward. The Credit Rating Services Act is the regulatory framework for credit rating services, providing for: I. the registration of credit rating agencies; II. the control of certain activities of credit rating agencies; III. conditions for the issuance of credit ratings; IV. rules on the organisation and conduct of credit rating agencies, and for matters connected herewith. The Act has taken into account, • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008) • Principle 22 of Principles and Objectives of Securities Regulation	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				(Jun 2010) which calls for registration and oversight programs for CRAs; • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003); and Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012).The Bill creates an oversight regime in which all persons performing credit rating services are required to be registered. It does not however create an obligation for all securities or instruments to be rated. The Bill further allows for the suspension or deregistration of CRAs who fall foul of the Bill. The Bill promotes investor protection by: requiring that ratings are defined, reviewed and updated in a timely and non-selective manner; requiring that a CRA establish a function within its organisation to communicate with investors and the public with respect to questions, concerns and complaints; putting in place appropriate requirements for the disclosure of information to regulators and the market regarding ratings, specifically attributes and limitations of the rating and key elements of methodology. In particular, the Bill compels CRAs to differentiate ratings for structured products and provide full disclosure of their ratings track-record	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				and the information and assumptions that underpin the ratings process; requiring the preparation, submission and publication of audited annual financial statements; allowing for the registrar of credit rating agencies to enforce compliance and require changes to a rating agency's practices and procedures for managing conflicts of interest, as well as to take steps considered necessary to protect investors in their dealings with CRAs. The Bill also empowers the registrar to conduct on-site inspections, the details of which are required to be published if in the public interest The Bill also aims at promoting the integrity, transparency and accountability but also the independence of the credit rating industry. **Web-links to relevant documents:** www.fsb.co.za, Credit Rating Services, legislation.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	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. (Seoul) 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, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008) 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. (Cannes)	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	**Enhancing and aligning accounting standards**				
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : The IFRS has been fully implemented. **Short description of the content of the legislation/ regulation/guideline:** These are the compliance requirements applicable in South Africa: 1.In terms of the Companies Act public interest entities must comply with IFRS (as issued by the IASB) 2.There is also an explicit listings Requirement for Listed companies to comply with IFRS (as issued by the IASB) With respect to compliance on explicit listings requirement for listing companies to complying with IFRS: 1. The auditor of every listed company must be registered with IRBA and accredited with the JSE 2. All Annual Financial Statement (AFS) must be audited 3.In April 2011 the Johannesburg Stock	**Planned actions (if any):** Montoring of compliance is on-going. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Exchange (JSE) implemented a system of proactive monitoring of AFS to ensure compliance with IFRS. Through this process the AFS of every listed company will be reviewed at least once every 5 years. Therefore through this process we are also checking for the consistent application of IFRS. To date about 40% of the AFS of listed companies have been reviewed. 4.Wherever the JSE finds material problems with the application of IFRS by a listed company they would refer the auditor of that company to the IRBA for their separate consideration of his / her conduct 5.The JSE also issues a report annually of their findings from the proactive monitoring process with a view to that information being used inter alia by other SA regulators in their own activities (i.e. in that it highlights the problems in IFRS they have been finding). The JSE recently gave a seminar (through South African Institute of Chartered Accountants (SAICA) on these findings 6.As it relates to ensuring consistent application across jurisdictions JSE is in the process of establishing formal links with other IFRS regulators through IOSCO (A process that is envisaged to be completed by April 2013) The JSE hopes through this process that they will have inter-jurisdictional co-operation /discuss across common issues	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				7.As it relates to a consistent understanding of accounting standards, JSE sits on the technical accounting body with SAICA, the Accounting Practices Committee (APC). Through this process JSE comments on proposed changes to IFRS, but would also discuss any issues within the standard that appear to lack clarity. These discussions take place with the view to making requests to the IASB to change the standards/ issue interpretations. As part of that process agenda request items are circulated to the national standard setters for their comments (i.e. to determine if they have a similar concern). If a matter is found to be a local issue only, historically the Accounting Practice Board (APB) would issue a local interpretation. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
19 (28) (29)	Appropriate application of Fair Value Accounting	Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009) Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen 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. (Rec 3.5, FSF 2009)	Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting. See, for reference, the following BCBS documents: • *Basel 2.5 standards on prudent valuation (Jul 2009)* • *Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)*	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), 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. **Status of progress :** Draft in preparation, expected publication by : Ongoing **Short description of the content of the legislation/ regulation/guideline:** 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	**Planned actions (if any):** As we receive guidance from international standard setters, we will amend guidance for firms on accounting standards. Insurance: The FSB will continue with the initiatives highlighted. 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 was peer-reviewed by the Financial Stability Board in 2012 and a document was published. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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). 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 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 Retirement fund 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	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				retirement funds. **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31) (33) (34) (35)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	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. (Washington) 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. (Rec. II.10, FSF 2008) Regulators and supervisors in emerging markets[4] will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009) We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's *Principles for the supervision of financial conglomerates (Sep 2012)* and the following BCBS documents: • *Principles for effective risk data aggregation and risk reporting (Jan 2013)* • *The Liquidity Coverage Ratio (LCR) (Jan 2013)* • *Principles for the sound management of operational risk (Jun 2011)* • *Principles for sound stress testing practices and supervision (May 2009)* Jurisdictions may also refer to FSB's February 2013 *thematic peer review report on risk governance*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : Regulations relating to Basel III were effective since 1 January 2013 **Short description of the content of the legislation/ regulation/guideline:** South African authorities engages with banks and other regulated financial institutions on an ongoing basis to ensure that their risk management practices are progressive and appropriate. South Africa has implemented the BCBS's 29 Core Principles for Effective Banking Supervision as well as the Basel 2 framework and Basel III. In a similar vein, compliance by the non-bank regulator with their respective Core Principles and Principles are at an	**Planned actions (if any):** As part of the Twin peaks regulatory reform process, conglomerate supervision is to be introduced as a financial stability function. **Expected commencement date:** **Web-links to relevant documents:**

[4] Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				acceptable level. The South African Reserve Bank (SARB) has introduced a Committed Liquidity Facility to assist banks in meeting the Liquidity Coverage Ratio (LCR). Regular on-site assessments of banks' liquidity management practices, models, appetite, policies, procedures, monitoring and planning take place as frequently as resources permits. A joint task team has between the bank regulator and non-banking regulator has been established to consider the principles of conglomerates supervision. The stress testing exercises were conducted in 2012 for the larger banks taking into account the domestic and international economic scenarios. **Web-links to relevant documents:** www.resbank.co.za	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	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. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Reform effective (completed) as of : Regulations relating to Basel III were effective since 1 January 2013. **Short description of the content of the legislation/ regulation/guideline:** 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 III regime. During the course of 2012, banks raised capital in order to meet the initial Basel III standards by January 2013. Ongoing assessments of banks' capital plans for the preiod of the Basel III capital transition started in 2012 and are conducted regularly. **Web-links to relevant documents:**	**Planned actions (if any):** South Africa is continuously monitoring compliance. The introduction of Basel III capital regime has helped substantially. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	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. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on *Enhancing the Risk Disclosures of Banks*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☐ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: Insurance : As stated above , 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. **Status of progress :** Reform effective (completed) as of : **Short description of the content of the legislation/ regulation/guideline:** Currently banks are required to report losses monthly, in line with the requirements of Basel II pillar 1, which are part of banking legislation. South Africa supports initiatives by the BCBS and elsewhere to improve the reporting standards. South Africa's listed financial institutions are fully compliant with International Financial Reporting Standards (IFRS). Banks are being encouraged to comply with the principles	**Planned actions (if any):** South Africa is continuously monitoring compliance. Insurance: The FSB will continue with the initiatives highlighted. **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				of the EDTF "Enhancing the Risk Disclosure of Banks" document and their progress it being assessed through questionnaries and on-site visits to larger banks. The principles will be implemented in the doemstic regulatory framework via guidances until it is fully adopted by the Basel Committtee on Banking Supervision (BCBS). **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	**Strengthening deposit insurance**				
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB's February 2012 *thematic peer review report on deposit insurance systems.*	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** Structure and legislation in preparation for implementating a national deposit insurance are under debate. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response] **Short description of the content of the legislation/ regulation/guideline:** **Web-links to relevant documents:**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	**Safeguarding the integrity and efficiency of financial markets**				
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation 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. (Cannes)	Jurisdictions should indicate the progress made in implementing the following IOSCO reports: • *Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011)*; and • *Report on Principles for Dark Liquidity (May 2011)*.	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** Capital Markets: An investigation was conducted by a consultant to establish whether High Frequency Trading (HFT) / Algorithm Trading / Co-location services & Day trading are adequately regulated using the IOSCO recommendations included in Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); as benchmark. A draft report has been provided by the consultant.The JSE has appointed working groups on HFT and co-location, on which the FSB is represented. We met with the JSE on HFT and co-location to discuss areas that need improved regulation. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** [No response]	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Short description of the content of the legislation/ regulation/guideline: **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	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 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. (Cannes)	Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets. See, for reference, IOSCO's report on *Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011)*. Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the *report* published by the IOSCO's Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☑ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft in preparation, expected publication by : The draft regulations for the OTC derivatives specify the requirements for authorization as OTC Derivatives providers and list the business conduct standards, code of conduct etc. for authorised participants. The regulations are expected by end 2013. Regulations mandated on central reporting will be effective by end 2013 and central clearing will be consulted on from mid 2014 **Short description of the content of the legislation/ regulation/guideline:** South Africa has made substantial progress of enhancing its regulation of capital markets with the enactment of the Financial Markets Act (the Act), which aims to address a number of regulatory gaps and lessons learnt from the global financial crisis. The Act provides the	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				legislative framework that will enable South African to implement its G20 commitments to reform the OTC derivatives market, among which provides for the reporting of transactions to trade repositories. Section 58 of the Act gives the Registrar of Securities powers to prescribe reporting obligations in respect of transactions or positions in unlisted securities which must be reported to a trade repository, subject to regulations prescribed by the Minister. Further, the JSE (the SRO for the futures market in South Africa) has the authority to impose rules that would enhance market activity, including better transparency. For instance, currently speculative position limits are set on white maize contracts in South Africa (Rule 10.40 of the JSE rules). CAPITAL MARKETS: The SA FSB has undertaken a gap analysis in respect of compliance with the IOSCO recommendations as outlined in its report on the Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011). The SA FSB is in discussion with the JSE on actions to be taken to close identified gaps. **Web-links to relevant documents:** Financial Markets Act, [No. 19 of 2012], G 36121, 1 February 2013.	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes) We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	Applicable but no action envisaged at the moment ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** South Africa does support the LEI initiative, and understands that work is underway to put up a global LEI system. South Africa has joined the Regulatory Oversight Committee. The Financial Services Board is the representative, and also participates in the ROC Executive Committee. SA supports the creation of global LEI and will encourage the use of LEIs through the central reporting of OTCs to trade repositories. Draft regulation requiring reporting of LEIs by counterparties to OTC derivatives trades will soon be published. SA LEI Steering Committee has been established to, inter alia, explore the possibility of setting up a Local Operating Unit. Discussions are on-going, and no final decision has been taken as to whether an LOU will be set up in South Africa. **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify: **Status of progress :**	**Planned actions (if any):** **Expected commencement date:** **Web-links to relevant documents:**

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Draft in preparation, expected publication by : October 2013 **Short description of the content of the legislation/ regulation/guideline:** Not yet finalised **Web-links to relevant documents:**	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI.	**Enhancing financial consumer protection**				
27 (41)	Enhancing financial consumer protection	We agree that integration of 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. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's *G-20 high-level principles on financial consumer protection (Oct 2011)*.	Implementation ongoing or completed ***If " Not applicable " or "Applicable but no action envisaged …" has been selected, please provide a brief justification:*** **Issue is being addressed through :** ☐ Primary / Secondary legislation ☑ Regulation /Guidelines ☑ Other actions (such as supervisory actions), please specify: **Status of progress :** Draft in preparation, expected publication by : **Short description of the content of the legislation/ regulation/guideline:** South Africa is 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	**Planned actions (if any):** In preparation for the implementation of the twin peaks model, the Financial Services Board of SA (which will become a dedicated market conduct regulator) has commenced a review of its supervisory framework for conduct of business supervision. The new supervisory framework will specifically identify the tools, resources and approaches necessary to supervise the delivery of fair customer outcomes by regulated firms. TCF Regulatory Framework Steering Committee has commenced consultation on compulsory, standardised Key Information Documents at point of sale for all retail financial products, additional consumer disclosure requirements, and on enhanced requirements for consumer complaints handling and reporting, to be implements during 2014. TCF baseline study of a broad sample of regulated institutions has been carried out and findings will be reported on during 2013.In terms of consumer financial literacy. a national consumer financial education has been established to implement the national consumer

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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. IAIS ICP's 18 and 19 and other relevant international standards. More specifically, the market conduct regulator has already embarked on an outcomes based market conduct and consumer protection regulatory initiative entitled Treating Customers Fairly (TCF). A multi-stakeholder steering committee has reviewed all current consumer protection related legislation applicable to the financial services sector and is formulating regulatory recommendations to close identified gaps or inconsistencies in the framework. A TCF self-assessment was published in 2012 for use by regulated financial institutions. Supervisory staff have already commenced adopting TCF principles in their supervisory ineractions with regulated firms In terms of consumer financial literacy. a national consumer financial education has been established to implement the national consumer financial education policy and finalise the national consumer financial education strategy. **Web-links to relevant documents:**	financial education policy and finalise the national consumer financial education strategy. In terms of consumer recourse the current ombud systems is under review to develop recommendations to improve its efficiency and effectiveness. **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:**

XII. Source of recommendations:

Los Cabos: The G20 Leaders Declaration (18-19 June 2012)
Cannes: The Cannes Summit Final Declaration (3-4 November 2011)
Seoul: The Seoul Summit Document (11-12 November 2010)
Toronto: The G-20 Toronto Summit Declaration (26-27 June 2010)
Pittsburgh: Leaders' Statement at the Pittsburgh Summit (25 September 2009)
London: The London Summit Declaration on Strengthening the Financial System (2 April 2009)
Washington: 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)
FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision (1 November 2012)

XIII. List of Abbreviations used:

AFS: Annual Financial Statements
APB: Accounting Practice Board
APC: Accounting Practice Committee
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: Financial Services Board of South Africa
SAM: Solvency Assessment and Management
SRO: Self-regulatory Organisation
TCF: Treating Customers Fairly