

ASISA

ASSOCIATION FOR SAVINGS & INVESTMENT SA

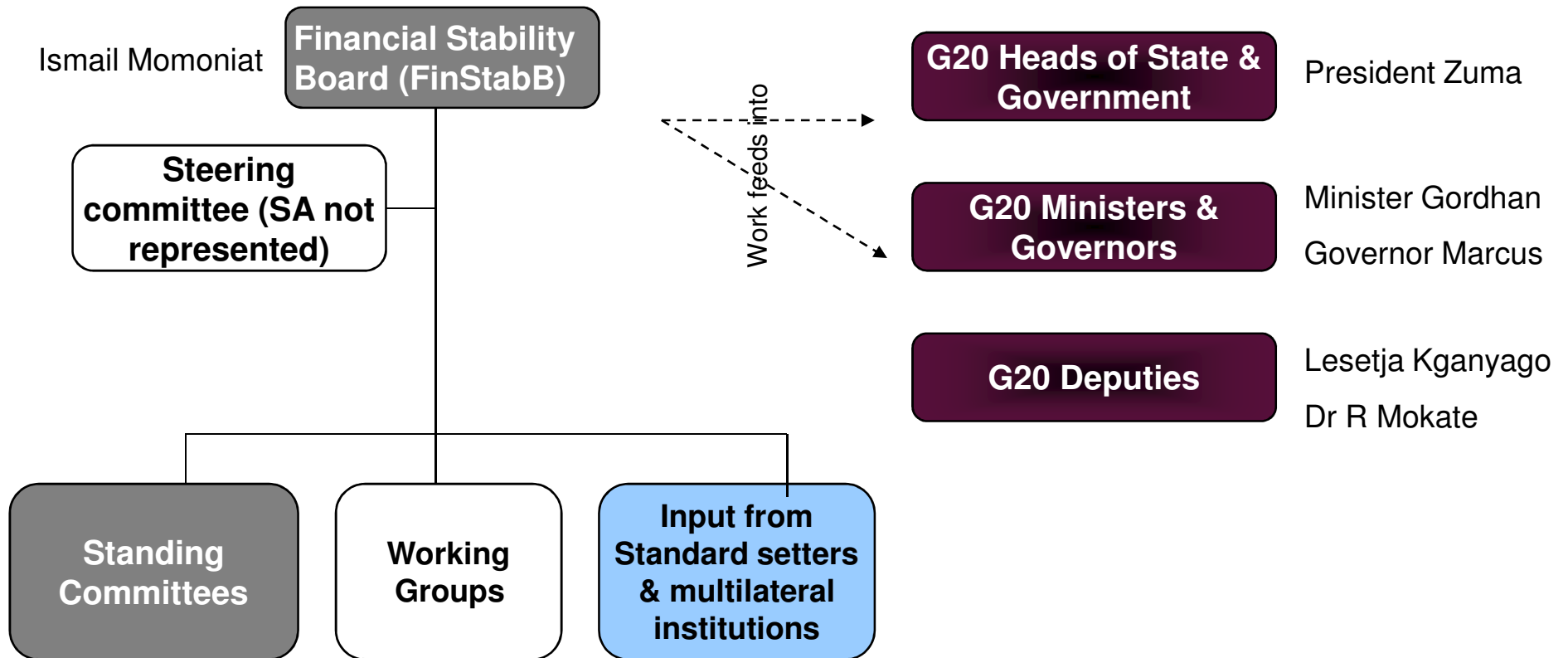
FINANCIAL PLANNER  
FORUM 2012

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# The Financial Stability Board co-ordinates countries on Financial Stability issues and undertakes research and peer reviews

Main aims: **TECHNICAL** advice

Main aims: **POLITICAL** consensus



# The recommendations for financial sector reform fall into eight broad categories

	Intervention proposed by Financial Stability Board to G-20 leaders	What this means in practice	Impact on global economy	Impact on South Africa	Minister of Finance/National Treasury
1	Improving global and domestic co-ordination of policies	→ Financial Stability → Board establishment → Regulation roundtable established	→ Closer co-operation on International rules between countries	→ Increased compliance burden to International standards	→ Membership of FSB entails additional resources
2	Strengthening the global capital framework for banks	→ Higher capital adequacy ratios → Improvements to the quality of capital i.e. banks should hold equity rather than debt	→ Higher capital adequacy ratios will lead to less lending in the ST, but in the LT banks will be more robust	→ Limited. South Africa already high requirements in terms amount and quality of capital	→ Banking Registrar will need to align capital rules to new International rules. On track through Basel Committee on Banking Supervision
3	Making global liquidity more robust	→ Global banks may need to be backed up by a “global central bank” or a more co-ordinated response by national banks	→ Improved global liquidity arrangements	→ Potentially ceding control over aspects of regulation to global bodies	→ Understanding the implications of global liquidity operations for our banking system
4	Reducing the moral hazard posed by systemically important institutions	→ Breaking up banks that are too big too fall	→ More competitive banks → Could disrupt financial system in ST	→ Relook at Four Pillar approach to banks	→ Consider moral hazard and competition issues arising from four pillar approach

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<b>5</b>	Strengthening accounting standards	→ Reviewing complex international accounting standards, such as IASO	→ Improved	→ Limited → Awaiting guidance from International bodies	→ Limited
<b>6</b>	Expanding oversight of the financial system	→ Introducing regulations → Hedge Funds and Over the Counter derivatives Credit Rating Agencies	→ Changes in EU and US standards will have large implications	→ Need to align our regulations to global regulations	→ Anticipate legislation
<b>7</b>	Re-launching securitisation on a sound basis	→ Allowing global securitisation markets to start functioning again	→ Will help restore credit flows	→ Securitisation market is small and this will have limited impact	→ Banking Registrar will implement regulations to align securitisation practices
<b>8</b>	Promoting adherence to International standards	→ More frequent peer reviews, particularly by IMF (through their FSAP Initiative) and new FSB Peer review process	→ United States must implement use International accounting (FRS) and regulatory standards (Basel II)	→ SA complies to most standards → Additional FSAP (ROSCs) will be required	→ Ensure regulators are aware of their commitments

# Regulation in SA

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## Current Initiatives

### A. PRUDENTIAL

1. Solvency Adequacy Management (SAM) – Solvency II
2. Regulation 28 (Pension Funds Act)
3. Collective Investment Schemes Control Act
  - Rewrite and Review of Act
  - Rewrite of Notice 1503 (UCITS III alignment)
  - White Labels (Third Party Funds)
4. Hedge Fund Regulation (Product Level)
5. OTC'S
6. Rating Agencies

# Regulation in SA

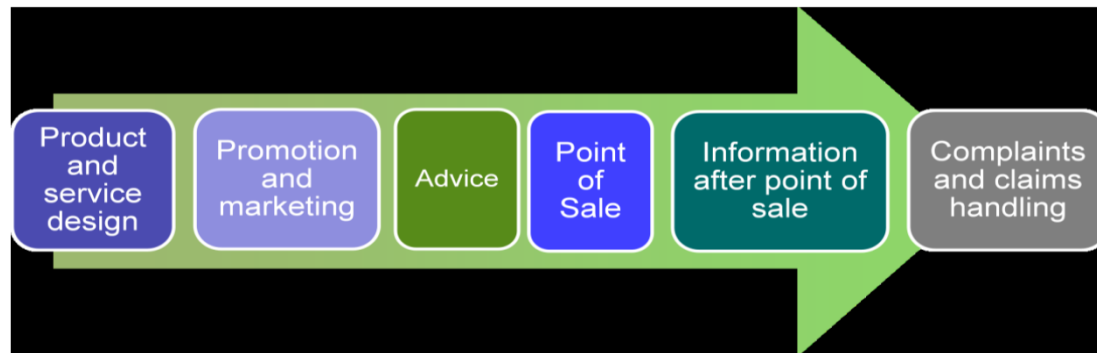
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## Current Initiatives

### B. MARKET CONDUCT

#### 1. Treat Customer Fairly (TCF)

##### LIFE CYCLE OF PRODUCT



#### 2. Conflicts of Interest

- Increased Disclosure Requirements – 19/07/2010
- Prohibitions (General) – 19/10/2010
- Conflict of Interest Policy – 19/04/2011

#### 3. FAIS Fit & Proper

#### 4. Remuneration Practices/Costs