



## **MEDIA STATEMENT**

### **IMPLEMENTING TWIN PEAKS REGULATION IN SOUTH AFRICA**

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The Financial Regulatory Reform Steering Committee (FRRSC)<sup>1</sup>, comprising the National Treasury, South African Reserve Bank and Financial Services Board, today publishes for public comment a summary of the proposals for implementing the Twin Peaks model of financial regulation.

The FRRSC was tasked by the Minister of Finance and the Governor of the Reserve Bank to prepare detailed proposals on the implementation of Twin Peaks, which was proposed by the Minister in the 2011 Budget. The shift to a twin peaks approach to financial regulation was part of a broader financial regulatory reform agenda. These proposals were contained in the Government's policy document, *A safer financial sector to serve South Africa better*, and were formally approved by Cabinet in July 2011.

The "Twin Peaks" approach entails creating a prudential regulator housed in the South African Reserve Bank (SARB), and transforming the Financial Services Board into a dedicated market conduct regulator. The objective of the prudential regulator will be to maintain and enhance the safety and soundness of regulated financial institutions. Prudential safety and soundness imply the continued financial health of regulated institutions. The market conduct regulator's objective will be to protect consumers of financial services and promote confidence in the South African financial system.

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<sup>1</sup> The task team is co-chaired by Lesetja Kganyago, Deputy Governor of the South African Reserve Bank; Ismail Momoniat, Deputy Director-General: Tax and Financial Sector Policy of the National Treasury; and Dube Tshidi, Chief Executive Officer of the FSB.

Underlying the twin peaks regulatory system will be the strengthening of the macro prudential supervision system, by enhancing the Reserve Bank's powers to promote financial system stability and empowering it to become the systemic regulator, supervising and monitoring the system-wide risks caused by financial system. The Reserve Bank will also be allocated new powers with respect to financial markets infrastructure such as exchanges, clearing houses and the central securities depository (Strate)

A strong, sustainable and inclusive financial sector is one of South Africa's key strengths. The above reforms will be complemented by on-going modifications to make the financial sector more accessible to poor households. These reforms will ensure that our system continues to be amongst the best regulated in the world.

The FRRSC Secretariat will consult widely on the proposed reforms, by not only inviting the public to submit comments, but also initiating meetings with key stakeholders.

Comments should be sent to the Head of the FRRSC Secretariat, Mr Unathi Kamlana, via fax to 012 313 4974 or by email to [twinpeaks@resbank.co.za](mailto:twinpeaks@resbank.co.za) by 8 March 2013. Comments received will be considered in finalising the legislative proposals.

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