MEDIA STATEMENT

NATIONAL TREASURY’S VIEWS ON VICEROY’S CAPITEC REPORT

The National Treasury notes the reckless manner in which Viceroy, a US-based trader/research firm, released its report on Capitec bank earlier in the week. Viceroy is not regulated in South Africa, and by its own admission, has been trading [short selling] in Capitec shares ahead of the release of its report, and stood to benefit substantially from forcing the Capitec share price to fall by publishing its speculative report about the bank.

Until two weeks ago, Viceroy operated anonymously and opaquely, and the reckless way in which it has released its report is clear proof that it is not acting in the public interest nor in the interest of financial stability in South Africa. Whilst the Treasury expects prudential and market conduct regulators in SA to consider all relevant reports in the public domain, and to act where any risks or transgressions in the law are identified, Treasury is of the view that the Viceroy report provides no basis to put any bank under curatorship.

The National Treasury has been in constant contact with the Registrar of Banks since the report was released, and is satisfied with the assurance from the South African Reserve Bank that Capitec is well capitalised, liquid and solvent, and meets all prudential requirements. This means that the funds of depositors are safe.

National Treasury has requested that the Financial Services Board, as the market regulator, working with the JSE, urgently considers whether it should initiate a market abuse investigation into the conduct of Viceroy, and to ensure that it is regulated appropriately. The FSB is requested to also alert relevant overseas regulators, like the Securities and Exchanges Commission in the USA and the Financial Conduct Authority in the UK, to consider whether Viceroy is regulated appropriately, and to consider whether it has transgressed any of their market conduct and market abuse laws that aim to protect investors.

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