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MEDIA STATEMENT

DRAFT FINANCIAL MATTERS AMENDMENT BILL AND AUDIT SERVICE LEVY BILL PUBLISHED FOR PUBLIC COMMENT

On 13 November 2026, National Treasury published a notice in the Government Gazette inviting public comment on the draft Financial Matters Amendment Bill and the draft Audit Service Levy Bill. The Financial Matters Amendment proposes amendments to the Banks Act, the Auditing Profession Act, the Financial Sector Regulation Act, and the Insurance Act.

Proposed amendments relating to the regulation of the auditing profession in South Africa

The Auditing Profession Act, 2005 was enacted in 2005 and the Independent Regulatory Board for Auditors (IRBA) commenced operations on 1 April 2006.

While amendments have been made to the Act over the past 20 years to address specific legislative and regulatory requirements, the Act has not been subject to a holistic review since its enactment.

The current review follows judicial and regulatory developments relating to the scope of certain powers of the Regulatory Board. The review was initially prompted by a direction from Parliament's Standing Committee on Finance concerning legislation related to mandatory audit firm rotation. This was followed by the Supreme Court of Appeal setting aside the mandatory audit firm rotation rule in 2023 and a further judgment in 2024 concerning the Regulatory Board's powers to prescribe certain assurance fees. These developments provided an opportunity for a broader review of the Act, including previous stakeholder comments, gaps identified in the practical implementation of the Act, drafting matters, and other areas requiring enhancement.

The proposed amendments therefore seek to update the legislative framework supporting the regulation of the auditing profession and address the issues highlighted above.

Choose an item.

The primary proposed **amendments to the Auditing Profession Act** in the Financial Matters Amendment Bill include provisions relating to:

- Auditor independence and conflicts of interest, including:
    - empowering the Regulatory Board to determine the duration of audit firm appointments and related requirements;
    - prohibiting the provision of audit services in circumstances where the auditor or the firm provides or has provided other services to the audit client;
- Risk-based inspections and transparency, including:
    - the limitation of mandatory inspections to listed entities to ensure the efficient allocation of resources for effective risk management; and
    - the publication of certain audit inspection outcomes or sharing of inspection outcomes with relevant audit regulators to further support the protection of public interests and regulatory collaboration; and
- Equivalency assessments for foreign audit regulators, reciprocal arrangements relating to auditor qualification and registration, while maintaining South African regulatory standards to strengthen investor protection mechanisms, promote regulatory cooperation, and support auditor mobility.
- The Regulatory Board's ability to address firm non-compliances or issues relating to the payment of fees, submission of returns, inaccurate or outdated auditor information, and liquidation. Enforcement and disciplinary processes, including:
    - the prohibition of further delegation of the powers of the Investigating, Enforcement and Disciplinary committees to protect the integrity of the decisions of these committees,
    - the inclusion of additional publication powers relating to firms,
    - the enforcement of disciplinary sanctions through court processes, and
    - the incorporation of an appeal process in respect of disciplinary sanctions through the Financial Services and Audit Tribunal;
- The strengthening of reportable irregularities process to aid effective reporting and investigations by relevant regulators.

Choose an item.

- Governance and institutional arrangements of the Regulatory Board, including the extension of the board tenure and strengthening of certain committee processes to ensure practical and committee alignment, promote business continuity and support the implementation of strategic objectives.

The draft **Audit Service Levy Bill** is aimed at ensuring the financial sustainability of regulatory function. It proposes an audit service levy payable by registered audit firms. The amount of the levy would not exceed one per cent of the total audit fees charged by a firm during the relevant levy period, excluding disbursements and value-added tax. The Regulatory Board would determine the percentage of the audit service levy payable for a relevant year.

The Bill also provides for the submission of returns by firms, the determination and payment of the levy, interest on late payments and exemptions in prescribed circumstances. Related amendments to the Auditing Profession Act make provision for the audit service levy as one of the sources of funding of the Regulatory Board.

Overall, these amendments are intended to modernise the Auditing Profession Act by strengthening auditor independence, regulatory oversight, accountability and enforcement, while providing the IRBA with a clearer and more effective legislative framework to protect the public and support confidence in the auditing profession.

Proposed amendments to **the Banks Act, 1990** in the Financial Matters Amendment Bill aims to ensure compliance with international standards. Specifically, the proposed amendments will provide regulatory authorities to set proportional requirements in relation to large exposures and concentration risks.

Proposed amendments to the **Co-operative Banks Act, 2007**, in the Financial Matters Amendment Bill aims to close regulatory gaps and better support co-operative financial institutions (CFIs) that serve South Africans, particularly small businesses and underserved communities.

Clearer definition of CFIs: The draft Bill introduces a common definition of CFIs, currently set out only in the Exemption Notice, and sets out the banking services that CFIs may provide, giving these institutions legal certainty.

Stronger and proportionate governance: Key governance provisions that apply to co-operative banks will also apply to CFIs, with necessary modifications. These include fit-and-proper requirements, directors, auditors, prudential requirements and amalgamations. The aim is for CFIs to meet sound governance standards that are applied proportionately.

Choose an item.

Lower costs for institutions: Co-operative banks and CFIs currently bear the cost of preparing reports requested by the Prudential Authority. The amendments propose that the Prudential Authority bear this cost instead, so that smaller institutions are not burdened with additional expenses. This supports financial inclusion.

The Financial Matters Amendment Bill also proposes to amend the **Financial Sector Regulation Act, 2017** to-

- provide the Corporation for Deposit Insurance (Corporation) as a financial sector regulator; to empower the financial sector regulators to, by a notice on their website require supervised entities to provide them with information which is required for the purpose of gathering information relevant to the responsible authority's functions; to provide that a financial sector regulator may, for the purposes of performing its functions, direct a supervised entity to secure an independent review or verification of information provided by a supervised entity in terms of a financial sector law, by a person to be approved by the financial sector regulator, at the cost of the supervised entity; to empower the Corporation to process personal information of qualifying depositors when implementing the Act; to clarify that deposit insurance coverage is limited to a member's operations in the Republic; to clarify that member's minimum amount and interest thereto should be specified by the Corporation by notice in the Gazette; and
- simplify and clarify the process for financial sector bodies to finalise budgets and propose levies and fees.

The proposed amendments to the **Insurance Act, 2017**, in the draft Financial Matters Amendment Bill propose to provide for a fixed timeframe within which-

- the board of directors of a controlling company must notify the Prudential Authority of any change in the structure or material change in the risk profile of the insurance group that may impact on the scope of the insurance group;
- the application for approval of key persons by the Prudential Authority must be submitted; and
- a branch of a foreign reinsurer and Lloyd's must notify the Prudential Authority of any changes to a law under which the head office of a foreign reinsurer or Lloyd's is authorised or supervised to perform business similar to insurance business.

Choose an item.

Submission of comments

- National Treasury invites interested and affected parties to submit written comments on the draft Bills to CommentDraftLegislation@treasury.gov.za by **31 January 2027.** The Government Notice inviting comment and the draft legislation and accompanying explanatory documents are available on the

  National Treasury website:

  https://www.treasury.gov.za/SitePages/Legislation/DocumentsForPublicComments.aspx

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