



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

MEDIA STATEMENT

CONSULTATION ON A DISCUSSION PAPER

National Treasury has released a discussion paper for consultation titled - Building Competitive Financial Markets for Innovation and Growth – A Work Programme for Structural Reforms to South Africa’s Financial Markets. This discussion paper makes a number of proposals to reform the regulatory and legislative framework for the domestic financial markets, to create an enabling framework that is supportive of competitive financial markets and responsive to the many developments in those markets.

The discussion paper in particular focusses on the gaps in the current Financial Markets Act (19 of 2012) (FMA), and considers the developments in the domestic and international financial markets regulatory framework and the alignment of the domestic regulatory framework to international best practices, given the cross-border nature of financial market activities. An important aspect also covered in the discussion paper is the interplay of the FMA with the “Twin Peaks” framework and the future of the market conduct regulatory framework and how best to align them. The discussion paper considers some of the recommendations in the final report on the Financial Markets Review (review conducted by the Financial Markets Review Committee) and proposes avenues to implement them.

The contents in the discussion paper include contributions from discussions and inputs made by regulatory authorities – the Financial Sector Conduct Authority (FSCA), the Prudential Authority (PA), and the South African Reserve Bank (SARB) as well as inputs from the initial consultation with various market participants. The intention of this discussion paper is to solicit views from market participants on the proposals that will inform the contents of the new draft of the financial markets legislation.

The discussion paper covers the following broad themes:

- Broadening the scope of legislation, to include unregulated financial markets and instruments especially other over-the-counter financial markets for increased oversight and transparency.
- Balancing the self-regulatory framework of certain financial markets infrastructures and empowering the regulatory authorities.
- Extending the licensing and authorisation framework to various market participants.
- The alignment of the financial markets legislative architecture with the Twin Peaks framework introduced in the Financial Sector Regulation Act (9 of 2017) (FSRA).
- The fit of the legislation for financial markets in view of the proposed market conduct legislation.



- Alignment of the objectives of the FMA and those of the FSRA and the inclusion of financial stability and systemic risk objectives.
- The alignment of provisions with internationally agreed principles and best practices.
- Increased oversight and efficiency of the regulatory authorities for prudential, conduct and systemic risk requirements.
- Flexible legislation that accommodates financial technological innovation in financial markets and other trading platforms.
- Extending the scope of the market abuse framework.
- Recommendations to address market fragmentation and creating level playing fields within financial markets and to support sustainable competitive environments.
- The discussion paper also includes specific issues raised by market participants during the initial consultation phases and proposes a number of solutions for consideration.

Comments on the discussion paper can be submitted via email to financial.policy@treasury.gov.za with subject title 'Financial Market Reforms'. The deadline for comments is 30 March 2020.

Copies of the Discussion Paper are available from www.treasury.gov.za

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