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# FINANCE AND BANKING ALERT

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### TWIN PEAKS – WHERE ARE WE NOW?

On 21 August 2017, President Jacob Zuma signed the Financial Sector Regulation Bill into law. Although the FSR Act has now been enacted into law, there was no set commencement date provided leaving the financial sector wondering when the new “Twin Peaks” method of regulation would be implemented and when the two new regulators (ie Prudential Authority and Financial Sector Conduct Authority) would be established. These two new regulators essentially replace the Bank Supervision Department of the South African Reserve Bank and the Financial Services Board respectively.

# TWIN PEAKS – WHERE ARE WE NOW?

Section 305 of the FSR Act provides for the Minister of Finance to determine the commencement date of the FSR Act by notice in the Government Gazette.

*It is anticipated that the two new regulators will be established in early 2018.*



On 21 August 2017, President Jacob Zuma signed the Financial Sector Regulation Bill into law (FSR Act). Although the FSR Act has now been enacted into law, there was no set commencement date provided leaving the financial sector wondering when the new “Twin Peaks” method of regulation would be implemented and when the two new regulators (ie Prudential Authority and Financial Sector Conduct Authority) would be established. These two new regulators essentially replace the Bank Supervision Department of the South African Reserve Bank and the Financial Services Board respectively.

This is of significant importance as in terms of the FSR Act, financial institutions such as banks and insurance companies have now been allocated the Prudential Authority as their licensing authority and the rest of the financial institutions, such as financial services providers, market infrastructures and collective investment schemes have been allocated the Financial Sector Conduct Authority as their licensing authority.

Section 305 of the FSR Act provides for the Minister of Finance to determine the commencement date of the FSR Act by notice in the Government Gazette (Commencement Notice).

The National Treasury stated on 24 August 2017, that it would publish the Commencement Notice and that the notice will contain details of the

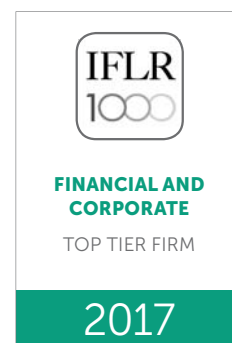
commencement of different provisions of the FSR Act, as well as the details of the repeals and amendments of other laws.

National Treasury has advised that different sections of the FRS Act will come into effect on different dates, to coincide with the establishment of the Prudential Authority and the Financial Sector Conduct Authority.

It is anticipated that the two new regulators will be established in early 2018.

The financial sector can also expect draft regulations for public consultation setting out the proposed transitional arrangements for the transformation of the existing regulators into the two new regulators which will be published along with the Commencement Notice.

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### BBBEE STATUS: LEVEL THREE CONTRIBUTOR

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