

FSCA Press Release

20 November 2018

The Financial Sector Conduct Authority (FSCA) published the following two discussions papers for public comment by 15 January 2019:

A. Discussion paper on the implementation of a Short Sale Reporting and Disclosure Framework

In response to the finding in the 2014 IMF Financial Sector Assessment Programme that South Africa did not have a reporting framework in place for short sales, the FSCA herewith publishes a discussion paper that sets out proposals to address the shortcoming, comprising:

- (a) flagging of short sale orders on an exchange trading system and the public disclosure of aggregated short sale transactions across authorised users of the exchange per security (“transaction reporting”);
- (b) a two-tier system for the reporting and disclosure of significant short positions held in shares admitted to trading on a regulated market (“position reporting”), comprising of the following:
 - i. a requirement to report to the regulator (private disclosure) once a net short position has reached a specified first trigger threshold;
 - ii. if the short position then reaches a second, higher threshold, an obligation on the regulator to make a public disclosure to the market.

B. Discussion paper on the implementation of Legal Entity Identifiers

Legal Entity Identifiers (LEIs) is a 20-digit, alpha-numeric code introduced following the global financial crisis of 2008 to easily identify all participants in the financial system in order to facilitate assessment and the monitoring of financial stability. The Financial Stability Board has launched a Global LEI System (GLEIS) for counterparties to financial transactions in order to, *inter alia*:

- meet the G-20 objectives of improved transparency, mitigation of systemic risk and protection against market abuse;
- assist regulatory authorities in conducting market surveillance and enforcement, supervision of market participants and resolution activities in preparing high quality financial data for regulatory purposes;
- facilitate Over the Counter (OTC) derivatives central reporting to Trade Repositories (TR) by market participants ; and
- support improved risk management, increased operational efficiency, and accurate calculations of exposure.

The aim of this discussion paper is to promote awareness of the global use of LEI's and to seek feedback from the market on the proposals for the implementation of LEIs in South Africa.

Requests for further information about the press release or discussion papers may be submitted via email to elmarie.hamman@fsca.co.za

ENDS

Enquiries: Financial Sector Conduct Authority
Email address: Communications@fsca.co.za
Telephone: 0800 203 722

Transitional Management Committee:

AM Sithole (Commissioner) DP Tshidi CD da Silva JA Boyd MM du Toit LP Kekana K Gibson OB Makhubela SE Mmakau