



**KEYNOTE ADDRESS BY MR UNATHI KAMLANA,
COMMISSIONER OF THE FINANCIAL SECTOR CONDUCT AUTHORITY (FSCA)
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Ladies and gentlemen, good morning.

It is a great pleasure to be here this morning to deliver the keynote address. Over the years I felt a bit left out by the Institute – and was wondering what I needed to do to crack an invite. And since I knew quite a few members of the board I was about start a *hint hint nudge nudge campaign* but before I could embarrass myself and make it awkward for my friends, I got the invitation. So I would like to express my sincere gratitude to the leadership of the SA Institute of Financial Markets for the invitation and the opportunity to share some reflections on the regulation of our financial markets, and on the work that we are doing to further enhance market integrity which is an important aspect of the mandate of the Financial Sector Conduct Authority (FSCA).

A bit of the global context is important; we meet at a time when uncertainty continues to define the global economic landscape. The IMF’s latest economic outlook report, published in July, describes a world where growth is still positive, but uneven and subject to significant downside risks. Geopolitical tensions are elevated, and trade frictions are beginning to reshape the way economies relate to each other.¹ Just this month, several countries, including our own, are grappling with the implications of newly announced U.S. tariffs with implications for trade and somewhat commodities.

As many of you will appreciate, developments like these rarely remain isolated, there are potential spillover effects on our financial markets including impacts on investment sentiment, currency movements, and potentially capital flows.² Alongside the more immediate shocks, financial markets are also contending with deeper structural shifts that are fundamentally transforming how they operate. Key among these structural changes are the accelerating pace of technological innovation and the growing influence of climate-related risks both of which are redefining the way financial markets operate, how risks are understood, how capital is allocated, and how institutions position themselves to remain resilient over the long term.

In such an environment, it is tempting to chase speed, scale, and innovation in pursuit of growth and competitive advantage, to stay ahead of disruption. But, in this pursuit, we must not lose sight of the foundational principle that holds everything together and breeds trust: the integrity of our financial markets. It is integrity that bolsters confidence among

¹ International Monetary Fund. (2025, July 29). World economic outlook update: July 2025.

<https://www.imf.org/en/Publications/WEO/Issues/2025/07/29/world-economic-outlook-update-july-2025>

² South African Reserve Bank. (2025, June 19). First Edition 2025 Financial Stability Review.

<https://www.resbank.co.za/content/dam/sarb/publications/reviews/finstab-review/2025/financial-stability-review/First%20Edition%202025%20Financial%20Stability%20Review.pdf>

investors, intermediaries, and the public, and assures them of the effectiveness and fairness of our markets, even as conditions change.

And that is why the conversations you will be having at this summit are so important. Anchored in the theme “Shaping Market Integrity”, the summit speaks directly to the kind of trust, accountability, and resilience our markets must continue to uphold. It’s also important to make the point that competition and innovation may mean the emergence of new challenges and even risks, which may have implications for market integrity – but that notwithstanding, they’re still important for the continued evolution and competitiveness of our markets.

I am sure we can all appreciate that integrity does not emerge on its own. It is something we must actively shape, among other things, through sound regulation that is consistently enforced by strong and robust institutions such as financial sector regulators, as well as through ethical behaviour by both individuals and firms that operate within the system. This is where the work of the SAIFM is of immense relevance, in shaping the character of our markets, through education and professional development. Because while regulation sets the rules of the game, it’s the market practitioners who determine whether those rules lead to markets that are ethical in conduct, contributing to financial stability and trust. In the end, the strength of markets rests not only on the regulations themselves, but on the knowledge, skills, and values of the people who bring those rules to life every single day.

The role of regulation in safeguarding market integrity

Let me now turn to the important role that regulation plays in supporting the efficiency, transparency and integrity of financial markets. I want to spend a moment on this, because too often regulation is seen as a costly hurdle to clear or an inconvenience to be endured, rather than a strategic imperative to be embraced. The reality is that without strong regulation, trust erodes, misconduct and abuse go unchecked, and stability is put at risk. And yes, regulation does carry costs, but the cost of no regulation, or weak regulation, is far greater.

The 2008 global financial crisis remains the clearest reminder of this truth. In the years leading up to the crisis, light-touch regulation and unbridled risk-taking created an illusion of prosperity and stability. When the illusion collapsed, the consequences were devastating. Millions of jobs were lost, homes were repossessed, and life savings were wiped out. In response, governments poured billions of taxpayer money into stabilising financial systems, driving public debt to unprecedented levels from which we are yet to recover. South Africa was not spared the fallout of the global financial crisis, with the loss of an estimated 1 million jobs and the rise in public debt – but without the strong regulatory foundations and the prudent culture of risk taking in our financial markets, the damage would have been more severe, further deepening unemployment, risking instability, and shaking the foundations of public trust in the financial system. This is why strong, credible, and well-enforced regulation is not a luxury; it is a safeguard for our economy and the livelihoods of our people.

But we appreciate that regulatory approaches must also continually adapt. That is why as a regulator, we constantly pause to ask ourselves tough questions: Is our regulatory framework still fit for purpose given the emergence of new and more complex risks? Is it agile enough to respond swiftly to change? Are our supervisory approaches sufficiently robust to detect vulnerabilities early? And, given the interconnectedness of today’s markets, are our standards keeping in step with the best in the world while remaining

grounded in South Africa's unique economic realities? Importantly, we understand that regulatory frameworks must be sensitive to economic dynamism. Because regulation, intended to safeguard public trust in markets, should not end up stifling innovation and growth, risking killing the very markets it is designed to protect.

So, it is important to stress that regulation is not for its own sake, it is an undertaking to strengthen the markets, to build investor confidence, ensuring that our markets remain globally competitive, and to secure South Africa's place as a credible and trusted player in the global financial system.

Perhaps a few words on this need for alignment to international standards, which we have the strategic opportunity to actively shape through our participation in global standard-setting bodies such as the Financial Stability Board (FSB), the International Organization of Securities Commissions (IOSCO) and the Financial Action Task Force (FATF) to mention a few. Our Presidency of the G20 this year has further reinforced this role, giving South Africa a unique platform to influence the global regulatory agenda in ways that reflect both our national interests and the broader priorities of emerging and developing markets. This alignment is not merely about influence; it is also about building credibility and the trust that underpins our continued participation in the global financial system. When we fall short, the consequences can be swift, affecting not only our domestic markets but also our standing internationally. The greylisting of South Africa by the FATF in 2023 is a clear example. This experience underscored the imperative that our regulatory frameworks remain robust, credible, and fully aligned with international standards.

This leads me to some of the key regulatory frameworks we are currently developing and enhancing, which, fortunately, many of you are already familiar with.

Regulatory Developments

Financial Market Act Review

One of the most significant regulatory projects currently underway is the review of the Financial Markets Act (FMA). This review is underpinned by an appreciation that the market landscape has evolved substantially since the Act was enacted. In this regard, we have been supporting National Treasury to give effect to the recommendations of the Financial Markets Review Committee along with the policy proposals from Treasury's 2020 paper, *"Building Competitive Financial Markets for Innovation and Growth"*. The changes under consideration are substantial. They would:

- Expand the scope of market infrastructures covered by the FMA.
- Strengthen the alignment of licensing, conduct, and prudential powers.
- Clarify the respective roles of the regulators.
- Address gaps relating to competition issues and the regulatory treatment of digital assets.
- Embed global best practices in governance, transparency, and operational resilience.

National Treasury has indicated that these amendments are expected to be released for public consultation sometime this year.³ These reforms are not only far-reaching, but they are also time-relevant. Some of them address challenges that require immediate action and cannot wait for the legislative process to run its course. While National Treasury advances the amendments, our founding legislation the Financial Sector Regulation Act, already gives us the agility to act through joint standards and conduct standards. We have been using these tools to close regulatory gaps, respond to emerging risks, and strengthen our supervisory approaches as conditions evolve. This proactive regulation has enabled us to advance other critical reforms that both complement and reinforce the objectives of the FMA review, while addressing urgent market needs.

Regulatory Framework for Central Clearing

One such area is the development of a regulatory framework for central clearing, where we have been working closely with the Prudential Authority to implement our joint roadmap guiding reforms in this space. Phase 1 of the roadmap saw the finalisation of the licensing process, which has facilitated the licensing of local Central Counterparties (CCPs). We are now advancing Phase 2, where we are finalising the equivalence framework and a Joint Standard that sets out the criteria an external equivalent CCP or Trade Repository (TR) must meet to apply for an exemption from a provision of the FMA. This will allow external CCPs and TRs to provide services to the South African market. Looking ahead to Phase 3, the framework will introduce eligibility criteria that will ultimately mandate the central clearing of certain OTC derivative transactions. This final phase will anchor the framework by making central clearing a standard practice for designated instruments.

Complementing this work on central clearing is the important progress we have made on trade reporting. In line with our G20 commitments, South Africa now has its very own licensed Trade Repository (TR). In November last year, the FSCA, with the concurrence of the Prudential Authority, granted Strate (Pty) Ltd a licence to operate as a TR. Once fully operational, these developments will complete a critical piece of South Africa's post-crisis reform agenda: ensuring that OTC derivatives are not only centrally cleared but also transparently reported, in line with international standards.

Strengthening capital and risk management requirements for non-bank ODPs

We are also working with the Prudential Authority to close a prudential gap between banks and non-bank over-the-counter derivatives providers (ODPs). The objective is to level the playing field so that all market participants are subject to the same high standards for capital and risk management. This reform also responds to a key finding of the World Bank Group's 2022 Financial Sector Assessment Program for South Africa, which highlighted the need for targeted reforms in this area. We are still at the early technical stage, developing proposals that will be released for public consultation. For non-bank ODPs, the takeaway is clear: this is the time to get ahead of the curve. Use the lead time to review capital buffers, stress test risk frameworks, and prepare for a prudential environment where what was once "good enough" may no longer be sufficient.

³ National Treasury. (2025). Annexure E: Financial sector update. In Budget review 2025 (Annexure E). Author. <https://www.treasury.gov.za/documents/National%20Budget/2025May/review/Annexure%20E.pdf>

Enhancing market infrastructure standards to support a competitive market

Another key area of work is strengthening the regulatory framework for market infrastructures. South Africa now has multiple licensed exchanges and market infrastructures. This diversity is positive, but it also brings complexity. Competition delivers real value only when it is anchored in cooperation, interoperability, and consistent standards that safeguard investors and preserve market resilience. Without these safeguards, we run the risk of fragmentation, operational inefficiencies, and regulatory blind spots.

The draft Conduct Standard we published for consultation last year is designed to tackle these challenges head-on. Once finalised, it will make cooperation between market infrastructures non-negotiable, requiring formal interoperability arrangements, and embed best-execution practices across the board. It will also mandate greater fee transparency and stronger conflict-of-interest management. These are the levers we intend to use to ensure that a more competitive market is also a fairer, safer, and more attractive place to invest.

The consultation process has confirmed that the sector is both engaged and willing to help shape the detail. We have taken on board the constructive input received, along with the concerns raised, and have refined the draft accordingly. The revised version will soon be released for a second round of public consultation. This will be another opportunity for you and other stakeholders to help craft a framework that not only meets the regulatory objectives but also supports the market's ability to compete and innovate on a sustainable basis.

Closing the Gap: Regulating Benchmarks in South Africa

We have also been advancing significant reforms with National Treasury to close a regulatory gap in the oversight of benchmarks - a gap that, if left unaddressed, could expose our markets to the kinds of risks and abuses seen internationally. This work is about ensuring that the prices and rates underpinning financial instruments are beyond reproach, that they inspire confidence, and that they are governed by clear rules and robust oversight. History has shown, through high-profile cases such as the manipulation of the London Interbank Offered Rate (LIBOR) and the Euro Interbank Offered Rate (EURIBOR), that weak governance over benchmarks can result in conflicts of interest, loss of market confidence, financial losses, and even systemic instability. To address this, we have worked with National Treasury to develop regulations designating the "provision of a benchmark" as a regulated financial service, with the FSCA as the responsible authority for its regulation, supervision, and oversight. A Conduct Standard is now being finalised, taking into account amendments to the European Union's Benchmark Regulation (EU BMR). This will mean clear rules for authorisation, robust oversight of administrators, and a focus on significant and critical benchmarks that truly matter to market stability.

JIBAR-to-ZARONIA transition

Related to this is the JIBAR-to-ZARONIA transition and broader benchmark reform. Following global moves such as the discontinuation of LIBOR, South Africa is transitioning to ensure that our reference rates are robust, reliable, and aligned with international standards. As you know, the South African Reserve Bank (SARB) has endorsed ZARONIA as the preferred alternative reference rate, with JIBAR set to be fully discontinued by December 2026. The FSCA welcomes this transition and will take all

necessary actions within its mandate to support a smooth and responsible shift. We have been working closely with the SARB, National Treasury, and industry through the Market Practitioners Group⁴ to address key issues such as legislative amendments, safe-harbour provisions for tough legacy contracts, and ensuring fair outcomes for financial customers during the transition. In addition, the FSCA and the Prudential Authority will be conducting joint supervisory inspections to assess market participants' readiness and to support a smooth migration. I understand that my colleague from the SARB will later share insights on the SARB's role, the technical underpinnings of ZARONIA, and the path ahead as we approach the 2026 deadline.

These are just a few of the regulatory developments currently at the forefront of our work. For a deeper and more comprehensive view of our priorities, I encourage you to read our recently published 2025 Regulation Plan. It sets out, in detail, the roadmap we are following to strengthen our regulatory frameworks, respond to domestic market realities, and align them with global standards. And you can also use the time to discuss these with some of my colleagues in attendance today.

Sustainable Finance

As we strengthen the foundations of our regulatory framework, it is clear that structural shifts in the market are redefining what resilience and integrity mean. One of the most significant of these shifts is the growing role of sustainable finance, where capital flows are increasingly guided by environmental, social, and governance (ESG) considerations alongside traditional financial metrics. Investors are no longer asking only "what is the return?" but also "what is the impact?" The answers to both questions now shape whether capital is deployed, at what scale, and on what terms.

Globally, sustainability has moved from being a reputational consideration to being a core driver of market access, competitiveness, and long-term value creation. In South Africa, it presents both a challenge and an opportunity: to mobilise capital toward critical objectives such as a just and inclusive transition, while also safeguarding against practices that undermine trust, including greenwashing and impact washing.

The FSCA, working with key stakeholders, is piloting the implementation of the South African Green Finance Taxonomy to evaluate how best to encourage its use, aligning with global approaches and supporting consistent disclosures. For sustainable finance to be credible, disclosures must be transparent, comparable, and decision-useful. With the support of the International Finance Corporation (IFC), we are also considering the introduction of sustainability disclosure requirements to promote capital market transparency and ensure continued alignment with international standards. In doing so, the FSCA is working towards the adoption of the ISSB's IFRS S1 and S2 standards as the global baseline, ensuring that South Africa's disclosure framework is internationally comparable, credible, and aligned with emerging best practice.

Technological Advancements

Another shift that cannot be ignored, given its speed and profound impact on how financial markets operate and the products they offer, is the rapid emergence of new technologies

⁴ The Market Practitioners Group (MPG) is a joint public and private sector body, comprising representatives from the SARB, the FSCA, and senior professionals from a variety of institutions from different market interest groups active in the domestic money market.

with blockchain and artificial intelligence (AI) among the most transformative forces reshaping our industry. Having brought crypto asset provision into the regulatory perimeter, the FSCA's focus now shifts to refining and implementing a forward-looking approach for supervising Crypto Asset Service Providers (CASPs) in close coordination with the FIC.

AI, meanwhile, is becoming deeply embedded in trading algorithms, risk modelling, compliance, and investment advice. While it offers gains in efficiency, faster risk detection, and advanced analytics, it also brings challenges from algorithmic bias and opacity to volatility amplification. Over the past year, in partnership with the Prudential Authority, we have been studying AI adoption to, amongst other objectives, guide and inform the development of governance principles for its use by financial institutions. These principles will be incorporated into Governance Requirements for Financial Institutions, ensuring fairness, stability, and trust.

As we continue to learn more about its adoption, we urge the sector to deploy AI responsibly. Last month, I chaired a G20 side event that we co-hosted with the Organisation for Economic Co-operation and Development (OECD) in Zimbali, KwaZulu-Natal on AI in finance, where panelists and participants, many of them from central banks, strongly emphasised a balanced approach that while regulation should not be rushed before we fully understand the technology, the sector must equally avoid adopting it in ways that neglect prudent safeguards, responsible governance, and effective management of third-party risks.

Governance and Culture

The strength of our markets ultimately depends on the governance and culture that underpin them. Robust systems can only go so far if the decisions guiding them lack integrity, accountability, or a genuine commitment to doing what is right. That is why the FSCA continues to place governance and culture at the heart of its supervisory approach. We are sharpening our focus on the “tone from the top” to ensure that boards and senior management lead by example, embed ethical conduct into their organisational DNA, and foster cultures that prioritise both the fair treatment of customers and the integrity of the market. A strong governance culture not only prevents misconduct but also fuels innovation and resilience. In this way, governance and culture act as the invisible architecture of trust holding the system together, guiding its evolution, and ensuring that even as our markets adapt and transform, they do so on a principled, ethical, and sustainable foundation.

Together with the Prudential Authority, we have been advancing work to strengthen governance and culture across the financial sector. This includes developing the Joint Standard on Governance Requirements for Financial Institutions, which will set clear expectations for board accountability, decision-making processes, and the embedding of ethical conduct throughout institutions. Our joint approach recognises that governance is not a tick-box compliance exercise, but a strategic enabler of market integrity.

Preserving the value of public markets

As I near the conclusion of my remarks, it would be remiss of me not to speak about the future of our public markets. Public markets have long been the cornerstone of capital formation, transparency, and accountability in South Africa. They provide ordinary

investors with access to wealth creation opportunities, enable businesses to raise long-term capital, and enforce discipline through disclosure and governance.

Yet, we cannot ignore the reality that the number of listed companies has been declining, mirroring a global trend where more firms choose private capital over public listing. While we understand that this may not simply be a matter of choice, it reflects deep-seated structural, macroeconomic, and microeconomic pressures. Low liquidity and weak investor demand, coupled with slow economic growth and persistent uncertainties, which have dampened investor appetite and depressed company valuations, leaving listed firms with limited scope to thrive.

Furthermore, the compliance and reporting burden associated with a public listing remains disproportionately heavy for smaller firms, adding to financial strain. We welcome efforts by exchanges to reduce the complexity of listings and to expand programmes aimed at improving liquidity, steps which are essential if public markets are to remain relevant and inclusive. For us as regulators, this goes to the very heart of market integrity. As we advance our broader regulatory reforms, including through the more principles based and outcomes focused COFI Bill, and instruments such as the draft Conduct Standard on Market Infrastructure, we remain committed to supporting a framework that strengthens confidence, enhances resilience, and preserves the value of our public markets for the future.

Conclusion

Let me conclude by reiterating that the integrity of South Africa's financial markets will not be measured only by how we respond to today's challenges, but by how we anticipate and shape the future. It requires us to have an intertemporal mindset, and rests on our collective capacity to read the signals of change early, to adapt with agility, and to lead with conviction. It will depend on our ability to embrace innovation without compromising stability, to open new frontiers without losing sight of our foundational principles, and to build resilience not just in our systems, but in the trust that sustains them.

Trust is our most valuable currency, earned slowly, tested constantly, and lost quickly.

I wish you productive discussions and meaningful exchanges throughout the summit. May the insights you share here not only shape the dialogue of today, but also strengthen the foundations for a stronger, more resilient, and more inclusive financial future for South Africa.

Thank you.