

2025 FSCA 3-YEAR REGULATION PLAN

(1 APRIL 2025 – 31 MARCH 2028)

[Following the 2024/25
review of the Regulation Plan]





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1. EXECUTIVE SUMMARY

The inaugural FSCA 3-year Regulation Plan was published on 30 June 2022. The FSCA's Regulation Plan is a 3-year plan that is reviewed and revised on an annual basis to ensure that it remains up to date, effective and continues to align to the FSCA's broader strategic objectives, also taking into account emerging risks and developments.

Three years have now passed since the FSCA published its first Regulation Plan and looking back, the FSCA is very satisfied with the progress that has been made in implementing legislative reforms. The last three years have produced some significant landmarks in terms of legislative reforms, such as including crypto asset related activities within the regulatory environment, addressing critical emerging risks associated with the proliferation of cyber threats, rolling out a first of its kind framework for regulating consumer education activities, and supporting the implementation of the two-pot retirement system, to name a few.

Although numerous key milestones were achieved in the past three years, big reforms lie ahead informed by developments in primary law such as the Conduct of Financial Institutions (COFI) Bill and review of the Financial Markets Act. A key focus for the next three years will be to support National Treasury in finalising these primary law reforms and transforming the subordinate legislative framework to ensure a seamless transition. The FSCA Regulation Plan will be a critical strategic tool that guides this transition.

The volume of legislative changes and the impact that such continuous legislative reform has on industry, both from a planning and cost perspective, remains an important consideration for the FSCA. The current regulatory workplan is already extensive and will continue to introduce substantial legislative interventions throughout the next couple of years. As a result, the 2025 Regulation Plan attempts to limit, as far as possible, the introduction of new regulatory projects with the intention of managing the potential impact on industry. This approach will also enable the FSCA to prioritise better and more expeditiously finalise projects that are already reflected in the Regulation Plan.

However, although the FSCA's Regulation Plan contains a significant volume of legislative interventions, the intention is that legislative changes will in due course start to reduce quite substantially following the finalisation of the COFI Bill transition project. At that stage, the regulatory framework would have matured and will reflect an outcomes- and principles-based approach which allows for much more flexibility and negates the need for constant legislative change.

FSCA's 2025 Regulation Plan

The 2025 Regulation Plan reflects on the FSCA's Regulation Plan performance for the period 1 April 2024 to 31 March 2025. It also provides insights into how the 2025 Regulation Plan was approached and revised and sets out the regulatory framework focus areas for the next 3-year period (April 2025 to March 2028).

In terms of performance, the FSCA is very satisfied with the progress made during the year under review and various notable milestones were achieved which resulted in the finalisation of five Standards, the finalisation of two FSCA Notices / Determinations, the submission of three draft Standards to Parliament / National Treasury, and the public consultation on seven Standards / projects. In addition, good progress has been made in various other focus areas reflected in the Regulation Plan.

In general, all projects reflected in the FSCA's Regulation Plan are on track. The Standards that were finalised during the reporting period included *FSCA Prudential Standard 1 of 2024 (RF) – Regulation 28 quarterly reporting requirements for pension funds; Joint Standard 1 of 2024 – Outsourcing by insurers; Joint Standard 2 of 2024 – Cybersecurity and cyber resilience requirements; FSCA Conduct Standard 1 of 2025 (General) - Requirements for financial institutions providing financial education initiatives; and FSCA Conduct Standard Amendment 1 of 2025 – Amendment to FSRA Conduct Standard 1 of 2019 (PFA) – Conditions for amalgamations and transfers in terms of section 14 of the Pension Funds Act.*

With regards to developing the 2025 Regulation Plan, the same prioritisation principles and approach set out in previous Regulation Plans were adopted. In general, the priorities identified last year remains the same, but certain changes to timelines were necessary, and certain new projects were included.

Further, the key strategic factors driving the development of the Regulation Plan, which was highlighted in the 2024 Regulation Plan, remains the same. These include the following:¹

¹ Please refer to the 2024 Regulation Plan for further details.

- *Alignment of the regulatory frameworks with international standards;*
- *Actively pursuing harmonisation and consolidation of laws governing cross cutting themes and transforming the legislative landscape to one that is more outcomes- and principles-based;*
- *Topical and emerging risks; and*
- *Identified sector specific risks.*

General revisions to the 2025 Regulation Plan include the following:

- Timelines on certain projects were revised.
- New deliverables and timelines for the period 1 April 2027 – 31 March 2028 were included.
- The projects which were finalised during the reporting period, were removed.
- New projects of strategic importance were added.
- New focus areas were added.

Four new projects have been included in the Regulation Plan:

- **Amendments to FMA Conduct Standard 3 of 2018 – Conduct Standard for reporting obligations in respect of transactions in over-the-counter derivatives:** Following the licensing of the first trade repository in South Africa, this Conduct Standard will now take effect. However, a need has been identified to amend the Conduct Standard to update the reporting template's data fields, data formats and descriptions as to ensure this type of reporting taking place in South Africa reflects alignment with international practices and standards, which has recently been subject to change. In addition, this opportunity will also be used to introduce some enhancements and drafting clarifications required in the Conduct Standard.
- **Conduct Standard – Requirements for credit ratings agencies:** The COFI Bill will repeal the Credit Ratings Services Act, 2012 (CRSA), and although various provisions of the current CRSA will be transposed to the Financial Sector Regulation Act (FSR Act), certain provisions will not. The provisions that will be repealed will therefore have to be included in a Conduct Standard. In addition, this also presents an opportunity to holistically review the current credit ratings services framework, which is currently spread across various notices and instruments and streamline and consolidate the various notices and instruments into a more appropriate framework.



- **Requirements relating to the liquidation of pension funds:** The Pension Funds Act provides for various matters relating to liquidators and the liquidation of pension funds. In addition, the Pension Funds Act also empowers the FSCA to determine a variety of matters relating to the liquidation of pension funds and liquidators. In this regard, the former Financial Services Board issued various Board Notices setting out requirements in this regard. The liquidation requirements are quite outdated, and it is also spread across different Notices. In addition, the amendments to the Regulations under the Pension Funds Act, which introduced the two-pot system, resulted in some of the liquidations requirements now being misaligned with the Regulations. As such, a need exists to update the current liquidation requirements and ensure it aligns with the amended Regulations; and to consolidate the existing liquidation requirements into one instrument, in support of the FSCA's strategy to start consolidating and streamlining the laws we supervise.
- **Conduct Standard relating to payment services:** On 14 March 2025, the National Payment System Department (NPSD) of the South African Reserve Bank published the following draft directive for public consultation: "Directive in respect of specific payment activities within the national payment system - Directive X of 2025" (the draft Directive). The draft Directive proposes to introduce an authorisation framework for payment providers that sets out a broad scope of requirements that a provider must meet for it to qualify for authorisation. In addition, the draft Directive also introduces various requirements cutting across a number of themes such as prohibitions on interest, handling of unclaimed client funds, outsourcing and agency agreements, disclosure of charges, accounting and auditing requirements, reporting and other prohibitions and restrictions, to name a few. With the introduction of the Financial Sector Regulation Act, the FSCA's jurisdiction was expanded to include, among others, payment services. However, the FSCA pended the roll-out of a conduct framework for payment services pending the introduction of a licensing framework for payment services activities, which was intended to be given effect to through the introduction of the Conduct of Financial Institutions Bill. However, since the NPSD Directive is proposing to introduce a licensing framework for payment services activities, the FSCA and NPSD agreed on the need for the FSCA to roll out a conduct regulatory framework that will enable the FSCA to start regulating payment services activities in conjunction with the NPSD.

The other strategic focus areas highlighted in the 2024 Regulation Plan remains relevant and have been included in the 2025 Regulation Plan, e.g. sustainable finance, open finance, artificial intelligence, operational risk and cloud computing, and transitional arrangements pertaining to the prudential regulation of retirement funds, collective investment schemes, friendly societies and medical schemes.

In addition, the 2025 Regulation also highlights the *Transition from the Johannesburg Interbank Average Rate (JIBAR) to the South Africa Rand Overnight Index Average (ZARONIA)* as a new strategic focus area. Although the FSCA will not support the Jibar/Zaronia transition through the introduction of regulatory instruments, the FSCA will play a supportive role to National Treasury in amending the FSR Act to provide for certain matters that will ensure a smooth transition. In addition, the FSCA may have to issue certain exemptions from existing notices where Jibar is referenced to facilitate the transition.

Projects highlighted in the 2024 Regulation Plan have been retained, except where a project has been finalised, but certain project timelines and deliverables were revised.

Key focus areas for the next three years will be progressing the work to develop a new conduct regulatory framework under the COFI Bill; ensuring the financial markets regulatory framework is closely aligned to international standards; addressing peer review findings, addressing topical areas, and emerging risks.

The FSCA remains committed to developing the regulatory framework in such a way as to ensure it is robust, promotes the fair treatment of financial customers and the efficiency and integrity of financial markets, is aligned to international standards, yet remains fit for purpose considering the domestic context.



2. INTRODUCTION

- 2.1 The inaugural FSCA 3-year Regulation Plan was published on 30 June 2022. The FSCA's Regulation Plan is a 3-year plan that is reviewed and revised on an annual basis to ensure that it remains up to date, effective and continues to align to the FSCA's broader strategic objectives, also taking into account emerging risks and developments.
- 2.2 Three years have now passed since the FSCA published its first Regulation Plan and looking back, the FSCA is very satisfied with the progress that has been made in implementing legislative reforms. Although numerous key milestones were achieved in the past three years, big reforms lie ahead informed by developments in primary law such as the Conduct of Financial Institutions Bill and the review of the Financial Markets Act. A key focus for the next three years will be to support National Treasury in finalising these primary law reforms and transforming the subordinate legislative framework to ensure a seamless transition. To achieve this, the FSCA Regulation will be a critical strategic tool that guides this transition.
- 2.3 The FSCA's 2025 Regulation Plan (covering 1 April 2025 – 31 March 2028) reflects the following:
- It provides high-level details surrounding the outcome of the review undertaken in respect of the 2024/2025 Regulation Plan period;
 - It provides insights into how the Regulation Plan was approached and revised following the aforementioned review; and
 - It sets out the regulatory framework focus areas for the next 3-year period (April 2025 to March 2028).



3. IMPLEMENTATION OF THE REGULATION PLAN FOR THE YEAR 2024/2025

3.1 Overall summary

3.1.1 Performance for the year under review (1 April 2024 – 31 March 2025) reflects very well. Numerous regulatory instrument related publications and submissions occurred during the reporting period. Further, five regulatory instruments were finalised during the reporting period and a number of regulatory instruments are at a very advanced stage (either with Parliament or close to being tabled to Parliament). The FSCA also did not experience any significant delays in progressing its regulatory framework workplan and work is therefore progressing as planned.

3.1.2 Notable milestones that were achieved during this period include the following:

- **FSCA Prudential Standard 1 of 2024 (RF) – Regulation 28 quarterly reporting requirements for pension funds.** Final Prudential Standard published on 2 April 2024.
- **Draft Conduct Standard [-] of 2024 (FM) – Requirements for market infrastructure.** Published for public consultation on 9 April 2024.
- **Draft Determination of procedures and requirements for licence applications of benchmark administrators.** Published for public consultation on 19 April 2024.
- **Joint Standard 1 of 2024 – Outsourcing by insurers.** Final Joint Standard published on 17 May 2024.
- **Joint Standard 2 of 2024 – Cybersecurity and cyber resilience requirements.** Final Joint Standard published on 17 May 2024.
- **Joint Discussion Document – Expansion of eligible collateral types and risk mitigation protocols.** Published for public consultation on 27 May 2024.
- **Draft Joint Standard [-] of 2024: Minimum requirements for the recovery plans of market infrastructures.** Draft Joint Standard published for public consultation on 4 June 2024.
- **Discussion Document on Financial Benchmarks – Draft Determination of an index and thresholds for critical and significant benchmarks.** Published for public consultation on 30 July 2024.

- **Publication of Determination of Conditions for Legacy Retirement Annuity Policy excluded from the two-Component system - FSCA RF Notice 17 of 2024: Determination of Conditions for Purposes of the definition of Legacy Retirement Annuity Policy.** Final notice published on 26 August 2024.
- **Draft Determination relating to Foreign Collective Schemes Soliciting Investments in the Republic.** Draft Determination published for public comment on 29 August 2024.
- **Joint Notice 2 of 2024: Determination of regulatory reporting in terms of Joint Standard 2 of 2020 – Margin requirements for non-centrally cleared over the counter derivative transactions.** Final Notice published on 12 December 2024.
- **Draft FSCA Conduct Standard [-] of 2024 (CIS) – Requirements for managers of collective investment schemes.** Draft Conduct Standard submitted to National Treasury on 13 December 2024 for onforwarding to Parliament.
- **Draft FSCA Conduct Standard [-] of 2024 (RF) – Conditions prescribed in respect of pension fund benefit administrators.** Draft Conduct Standard submitted to National Treasury on 13 December 2024 for onforwarding to Parliament.
- **Draft Joint Standard [-] of 2025 – Criteria for the exemption of an external central counterparty or external trade repository from the provisions of the FMA, 2012.** Draft Joint Standard submitted to National Treasury on 30 January 2025 for onforwarding to Parliament.
- **FSCA Conduct Standard 1 of 2025 (General) - Requirements for financial institutions providing financial education initiatives.** Final Conduct Standard published on 26 March 2025
- **FSCA Conduct Standard Amendment 1 of 2025 – Amendment to FSRA Conduct Standard 1 of 2019 (PFA) – Conditions for amalgamations and transfers in terms of section 14 of the Pension Funds Act.** Final Amendments Standard published on 28 March 2025.
- **FSCA RF Notice 5 of 2025 - Determination of forms for applications in respect of amalgamations and transfers in terms of section 14 of the Pension Funds Act, 1956 (Act No. 24 of 1956).** Final determination published on 28 March 2025
- **Draft Conduct Standard [-] of 2025 (FM) - Requirements relating to the reporting and disclosure of short sales.** Published for public comment on 28 March 2025.



3.1.3 In addition, satisfactory progress has been made in various other focus areas reflected in the Regulation Plan, which includes furthering technical work on a variety of projects and initiating targeted informal consultation.

3.2 Cross-sector/cutting projects

- **Support in developing critical pieces of primary legislation - Conduct of Financial Institutions Bill and Financial Markets Act Review**

During the reporting period, the FSCA continued to contribute to the development of the Conduct of Financial Institutions (COFI) Bill and Financial Markets Act Review (FMAR). This entailed supporting the National Treasury with targeted consultation on certain Schedules of the COFI Bill, assisting the National Treasury to resolve a variety of technical drafting issues, and the like. In addition, the FSCA also provides inputs to the National Treasury relating to the review of the Financial Markets Act, the main themes of which related to the alignment of terminology to international standards, distinguishing matters for conduct and prudential regulation in respect of market infrastructures, approaches to licensing and regulation of new types of market infrastructures such as multilateral trading venues, clarifying the scope of powers to regulate competition related matters and the treatment of crypto assets, among others. The FSCA also supported the process by participating in robust discussions on the Financial Markets Act review over the period under review.

- **Developing a holistic, cross-sector, robust and customer-focused regulatory framework under the COFI Bill**

During the reporting period, informal consultation (through the COFI Bill Transition Working Group) on the Fit and Proper Themed framework commenced, and various other themed frameworks underwent refinement. Phase 2 of the COFI Bill transition project, which focuses on developing the themed frameworks, is a key phase of the project as it will establish the baseline for conduct regulation under the COFI Bill.



• Other cross-sector/cutting projects

Major milestones were achieved with the finalisation of three cross-sector / cutting projects through promulgation of the final standards, these include the Joint Standard - Cyber security and cyber resilience requirements; Joint Standard - Outsourcing by insurers; and Conduct Standard – Requirements for financial institutions providing financial education initiatives.

Work in respect of other cross-sector / cutting projects progressed well and included targeted consultation on the draft Joint Standard – Governance requirements for financial institutions, and technical work focused on Open Finance, unclaimed assets, and sustainable finance.² In addition, a draft Joint Standard proposing to impose requirements in respect of beneficial owners of financial institutions have been drafted and consulted on with the Prudential Authority.

3.3 Conduct-focused projects

3.3.1 Work in the collective investment scheme (CIS) environment progressed well in accordance with the planning reflected in the 2024 Regulation Plan. This includes progressing the review of Board Notice 90 of 2014, Board Notice 52 of 2015 and Board Notice 573 of 2003; submitting the draft Conduct Standard – Requirements for Collective Investment Scheme Managers³ to National Treasury for onforwarding to Parliament; publishing a draft Notice to replace Board Notice 257 of 2013⁴ for public consultation; continuing work in developing a CIS accounting framework,⁵ and continuing technical work in developing a fit for purpose framework for alternative investment funds.

3.3.2 The pension funds focused projects also progressed well. FSCA Prudential Standard 1 of 2024 (RF) – Regulation 28 quarterly reporting requirements for pension funds was finalised and the project has concluded, and other pension fund reporting related projects⁶ are nearing finalisation. The FSCA also finalised various regulatory framework initiatives aimed at supporting the Two-Pot implementation, such as publishing the final FSCA Conduct Standard Amendment 1 of 2025 – Amendment to FSRA Conduct Standard 1 of 2019 (PFA) – Conditions for amalgamations and transfers in terms of section 14 of the Pension Funds Act; FSCA RF Notice 5 of 2025 - Determination of forms for applications in respect of amalgamations and transfers in terms of section 14 of the Pension Funds Act, 1956 (Act No. 24 of 1956);

² In March 2024, the FSCA published its Policy Recommendations relating to Open Finance.

³ Specifically focused on addressing findings reflected in the most recent Financial Sector Assessment Program.

⁴ Determination relating to Foreign Collective Schemes Soliciting Investments in the Republic.

⁵ Specifically focused on addressing findings reflected in the most recent Financial Sector Assessment Program.

⁶ Annual audited regulatory reporting for pension funds and the new approach for quarterly reporting in terms of Regulation 2.

and the Determination of Conditions for Legacy Retirement Annuity Policy excluded from the two-Component system - FSCA RF Notice 17 of 2024.⁷ Further, the draft FSCA Conduct Standard [-] of 2024 (RF) – Conditions prescribed in respect of pension fund benefit administrators was submitted to National Treasury for onforwarding to Parliament during the reporting period and is therefore close to conclusion.

3.3.3 With regards to the insurance sector, the final Joint Standard 1 of 2024 – Outsourcing by insurers was published and this project has now concluded.

3.3.4 In the banking sector, the focus was on co-operative financial institutions (CFIs), co-operative banks and mutual banks. During the reporting period, the FSCA had engagements with the Prudential Authority to gauge their interest in converting the Prudential Authority’s draft Prudential Standards applicable to CFIs and co-operative banks⁸ to Joint Standards, and the Authorities have reached an agreement on the way forward. Similar discussions took place in respect of mutual banks.

3.4 Financial markets projects

3.4.1 The financial markets environment was subject to comprehensive work and many publications that have resulted in good progress in line with the planning reflected in the 2024 Regulation Plan. Two major developments comprising multiple regulatory framework interventions include the following:

- *Joint Roadmap for Development of a Regulatory Framework for Central Clearing in South Africa and interrelated developments:* The draft Joint Standard [-] of 2025 – Criteria for the exemption of an external central counterparty or external trade repository from the provisions of the FMA, 2012 was submitted to the National Treasury for tabling in Parliament and this project is therefore close to finalisation. In addition, the work also entailed the publication of a Joint Discussion Document focused on the Expansion of eligible collateral types and risk mitigation protocols for public consultation and the publication of the final Joint Notice 2 of 2024: Determination of regulatory reporting in terms of Joint Standard 2 of 2020 – Margin requirements for non-centrally cleared over the counter derivative transactions.

⁷ Determination of Conditions for Purposes of the definition of Legacy Retirement Annuity Policy.

⁸ These entail different Standards dealing with a variety of themes such as licensing requirements, governance, risk management, prudential requirements, etc.

- *Financial benchmark reforms*: The project focused on establishing a framework to regulate the provision of financial benchmarks progressed well and entailed the publication of two important documents for public consultation, i.e. a draft Determination of procedures and requirements for licence applications of benchmark administrators and a Discussion Document on Financial Benchmarks – Draft Determination of an index and thresholds for critical and significant benchmarks.

3.4.2 In addition, two important Standards focused on market infrastructures were published for public consultation, namely the draft Conduct Standard [-] of 2024 (FM) – Requirements for market infrastructures and the draft Joint Standard [-] of 2024: Minimum requirements for the recovery plans of market infrastructures.

3.4.3 The FSCA also published for public consultation a second version of the draft Conduct Standard focused on reporting and disclosure of short sales, and formulated a framework focused on securities financing transactions, which will be published for public consultation in due course.



4. 2025 REGULATION PLAN

4.1 Approach in developing the 2025 Regulation Plan

- 4.1.1 The same prioritisation principles and approach set out in previous regulation plans were adopted for the compilation of the 2025 Regulation Plan. In general, the priorities identified last year remains the same, but certain changes to timelines were necessary.
- 4.1.2 An important consideration also entailed the volume of legislative changes and the impact that such continuous legislative reform has on industry, both from a planning and cost perspective. The current regulatory workplan is already extensive and will continue to introduce substantial legislative interventions throughout the next couple of years. As a result, the 2025 Regulation Plan attempts to limit, as far as possible, the introduction of new regulatory projects with the intention of managing the potential impact on industry. This approach will also enable the FSCA to prioritise better and more expeditiously finalise projects that are already contained in the Regulation Plan.
- 4.1.3 It is important to understand that although the Regulation Plan contains a significant volume of legislative interventions, the intention is that legislative changes will in due course start to reduce quite substantially following the finalisation of the COFI Bill transition project.⁹ At that stage the regulatory framework would have matured and will reflect an outcomes- and principles-based approach which allows for much more flexibility and negates the need for constant legislative change.

⁹ See, for example, paragraph 3.2 above.



4.1.4 Notwithstanding the aforementioned, due to a variety of reasons and circumstances, some new projects were added to the 2025 Regulation Plan. These projects are discussed and contextualised below.

4.1.5 The key strategic factors driving the development of the Regulation Plan, which was highlighted in the 2024 Regulation Plan, remains the same. These include the following:¹⁰

- *Alignment of the regulatory frameworks with international standards.*
- *Actively pursuing harmonisation and consolidation of laws governing cross cutting themes and transforming the legislative landscape to one that is more outcomes- and principles-based.*
- *Topical and emerging risks.*
- *Identified sector specific risks.*

4.1.6 General revisions to the 2025 Regulation Plan include the following:

- Timelines on certain projects were revised.
- New deliverables and timelines for the period 1 April 2027 – 31 March 2028 were included.
- The projects which were finalised during the reporting period, were removed.
- New projects of strategic importance were added.
- New focus areas were added.

4.2 Conduct Regulatory Framework

Primary legislation

The FSCA will continue to support the National Treasury in developing and finalising the COFI Bill for submission to Parliament.

¹⁰ Please refer to the 2024 Regulation Plan for further details.



The COFI Bill is a critical development that will shape the future conduct framework and many of the FSCA's current conduct regulatory framework projects have some dependency on the promulgation of the COFI Bill.

Developing a holistic, cross-sector, robust and customer-focused regulatory framework under the COFI Bill

The development of a holistic, cross-sector, robust and customer-focused regulatory framework under the COFI Bill remains a top priority for the FSCA. Currently the focus is on Phase 2 of the COFI Bill transition work¹¹ which entails the development of a broad set of themed frameworks. It is envisaged that the FSCA will informally consult on a variety of themed frameworks during the 2025/2026 business year in accordance with its prioritisation approach that was explained in the 2024 Regulation Plan. The FSCA is also in the process of refining its planning for this project which entails setting out clear timelines for implementation of the themed frameworks. Communication surrounding implementation of this project and COFI Bill readiness will, in due course, be communicated publicly. Should there be delays in finalising the COFI Bill, it is likely that the FSCA will start to introduce the themed frameworks through a staggered approach. Staggering will be informed by the prioritisation approach which means that the Fit and Proper and Risk Management and Internal Controls themed frameworks will likely be progressed first.

Banks, Mutual Banks, Co-operative Banks and Co-operative Financial Institutions

The FSCA and Prudential Authority agreed to convert the Prudential Authority's draft Prudential Standards applicable to CFIs and co-operative banks¹² to Joint Standards. Should the draft Prudential Standard be converted to Joint Standards, it would mean that the FSCA can start regulating a variety of aspects related to these institutions. The Authorities are in the process of finalising the drafts for public consultation, which will likely occur in 2025/2026.

The FSCA has also been engaging with the Prudential Authority in respect of potentially converting draft Prudential Standards applicable to mutual banks (currently under development) to Joint Standards. The FSCA is conducting an assessment that is aimed at determining whether this is indeed necessary, considering that Mutual Banks are already subject to the FSCA Conduct Standard 3 of 2020 (BANKS) – Conduct Standard for Banks. A final decision in this regard will be taken during 2025/2026.

¹¹ See previous Regulation Plans for more detail surrounding this project.

¹² These entail different Standards dealing with a variety of themes such as licensing requirements, governance, risk management, prudential requirements, etc.

Insurers

No insurance-specific interventions are earmarked for completion within the next three years. However, as explained in previous Regulation Plans, various insurance-related matters will be considered as part of the process focused on transitioning the existing sectoral laws to the COFI Bill framework.

FAIS

No FAIS-specific interventions are earmarked for completion within the next three years. However, as explained in previous Regulation Plans, various FAIS-related matters will be considered as part of the process focused on transitioning the existing sectoral laws to the COFI Bill framework.

Collective investment schemes (CIS)

No new CIS-related projects have been added to the 2025 Regulation Plan. The CIS-related projects listed in the 2024 Regulation Plan, and accompanying explanations, remain relevant and have been perpetuated in the 2025 Regulation Plan. These include the following:

- *Conduct Standard – Requirements for Collective Investment Scheme Managers:* The Conduct Standard is specifically focused on addressing shortcomings identified through a recent Financial Sector Assessment Program. Following the submission of the draft Conduct Standard to National Treasury for onforwarding to Parliament, the draft Conduct Standard was subsequently tabled in Parliament on 8 May 2025. It is envisaged that the final Conduct Standard will be made in the second half of 2025.
- *Interim amendments to Board Notice 90:* Interim amendments to Board Notice 90 was submitted to National Treasury on 29 November 2023 for onforwarding to Parliament. Tabling in Parliament is still awaited.
- *Review of Board Notice 90 of 2014, Board Notice 52 of 2015 and Board Notice 573 of 2023:* As explained previously, the intention of this review is to develop one holistic Joint Standard that cover various of the areas currently covered by the aforementioned Board Notices, also taking into account that the Prudential Authority will in due course become responsible for the prudential regulation of CIS managers. A first draft Joint Standard consolidating the aforementioned Board Notices (or parts thereof) have been finalised by the FSCA and Prudential Authority Joint Working Group. Targeted consultation on the draft framework will occur during the course of 2025/2026.

- *Replacement of Board Notice 257 of 2013*: The Notice sets conditions, in terms of section 65(1)(c) of the Collective Schemes Control Act, for foreign collective investment scheme. The public consultation process concluded in 2024/2025. For 2025/2026, the FSCA is intending to submit the draft Conduct Standard to National Treasury for onforwarding to Parliament and will publish the final Notice as soon as possible after the Parliamentary period has expired.
- *Review of Pro-forma Deed for CISs*: Review of the Pro-Forma Deed has not yet started due to dependencies on various CIS regulatory framework developments and the outcome of the COFI Bill. The project will be placed on hold until these other developments have reached an appropriate stage of maturity.
- *Development of a collective investment scheme accounting framework*: As communicated previously, it is likely that formal consultation on this draft framework will only take place once the COFI Bill has been promulgated. Although an initial draft framework has been drafted, the promulgation of the framework is dependent on the COFI Bill. The FSCA is currently in the process of considering whether it is possible to, pending the finalisation of the COFI Bill, commence some form of public consultation on the draft framework. The FSCA will, in due course, communicate next steps in respect of this draft legislative intervention.

Alternative investment funds

The promulgation of a fit-for-purpose framework for alternative investment funds remains dependent on the COFI Bill. Notwithstanding, the planning communicated in the 2024 Regulation Plan remains the same. Following the technical work that occurred in 2024/2025, targeted stakeholder engagements focused on assisting the FSCA to refine the framework is likely to occur in 2025/2026, and formal consultation will follow in 2026/2027.

Pension fund benefit administrators (section 13B)

The Conduct Standard that proposed to set conditions for pension fund benefit administrators remains an important priority and is close to being finalised. Following the submission of the draft Conduct Standard to the National Treasury for onforwarding to Parliament in 2024, the draft Conduct Standard was subsequently tabled in Parliament on 1 April 2025. It is envisaged that the final Conduct Standard will be made in the first half of 2025/2026.¹³

¹³ I.e. between July and September 2025.

Retirement funds

The retirement fund related projects listed in the 2024 Regulation Plan, and accompanying explanations, remain relevant and have been included in the 2025 Regulation Plan, noting that some projects reflected in the 2024 Regulation Plan has been finalised and no longer reflects on the Plan.¹⁴ One new project, discussed below, has been added to the Regulation Plan. The retirement fund projects that have been included in the 2025 Regulation Plan entails the following:

- *Prudential Standard - Requirements related to regulatory reporting and audited financial statements for pension funds*: Following the public consultation process, finalisation of this Prudential Standard has been subject to some delays. Notwithstanding, the Prudential Standard is at an advanced stage and the FSCA is intending to submit the draft Prudential Standard to the National Treasury for onforwarding to Parliament within the first half of 2025/2026, with a view to publish the final Standard within the same year.
- *Prudential Standard – Regulation 28 Reporting Requirements for Pension Funds (holistic reporting)*: As explained in the 2024 Regulation Plan, this Prudential Standard is a product of the outcome of the public consultation process undertaken in respect of the Prudential Standard that was published for public comment on 4 November 2022, also titled “Regulation 28 quarterly reporting requirements for pension funds” (which was subsequently finalised). This Prudential Standard is intended to replace FSCA Prudential Standard 1 of 2024 (RF) Regulation 28 Quarterly Reporting Requirements for Pension Funds and will introduce a new form of quarterly reporting in terms of Regulation 28. The FSCA intends to submit the draft Prudential Standard to the National Treasury for submission to Parliament before the end of 2025/2026.
- *Draft Conduct Standard – Conditions for living annuities in an annuity strategy*: This Conduct Standard is still on hold and does not enjoy high priority. Decisions surrounding the way forward on this Standard will be taken in due course.

¹⁴ The projects that have been finalised include FSCA Prudential Standard 1 of 2024 (RF) - Regulation 28 Quarterly Reporting Requirements for Pension Funds and FSCA Conduct Standard Amendment 1 of 2025 – Amendment to FSRA Conduct Standard 1 of 2019 (PFA) – Conditions for amalgamations and transfers in terms of section 14 of the Pension Funds Act.

- *Requirements relating to the liquidation of pension funds:* This is a new project that has been added to the Regulation Plan. The Pension Funds Act provides for various matters relating to the liquidation of pension funds and liquidators. In addition, the Pension Funds Act also empowers the FSCA to determine a variety of matters relating to the liquidation of pension funds and liquidators. The former Financial Services Board issued various Board Notices setting out requirements in this regard. The liquidation requirements are quite outdated and spread across different Notices. In addition, the amendments to the Regulations under the Pension Funds Act, which introduced the two-pot system, resulted in some of the liquidations requirements now being misaligned with the Regulations. As such, a need exists to update the current liquidation requirements and ensure it aligns with the amended Regulations; and to consolidate the existing liquidation requirements into one instrument, in support of the FSCA's strategy to start consolidating and streamlining the laws we supervise. The exact nature of this instrument is still under consideration and will be determined in due course. In the coming year, the FSCA will start formulating the content that will be addressed as part of this development and will also consider the nature of the instrument(s) that will be used to give effect to this project.
- *Other pension/retirement fund matters:* As communicated in the 2024 Regulation Plan, the FSCA is also in the process of considering potential reviews and/or interventions in respect of various other areas in the pension/retirement fund environment. These potential reviews include Directive 8, Pension Fund Circulars 86 and 90, practices in the employer environment and pension/retirement fund costs and fees. The aforementioned are still under consideration and no final decisions have been made. Should any of the aforementioned reviews be conducted and result in proposed legislative interventions, these interventions will be prioritised as appropriate and will be incorporated into the Regulation Plan.

Payment services

On 14 March 2025, the National Payment System Department (NPSD) of the South African Reserve Bank published the following draft directive for public consultation: "Directive in respect of specific payment activities within the national payment system - Directive X of 2025" (the draft Directive). The draft Directive is intended to be published in terms of section 12(1) of the National Payments System Act, 1998 (Act No. 78 of 1998) (NPS Act). The draft Directive outlines the requirements for the provision of payment activities, as listed in the draft Directive.

The draft Directive proposes to introduce an authorisation framework for payment providers that sets out a broad scope of requirements that a provider must meet for it to qualify for authorisation. In addition, the draft Directive also introduces various requirements cutting across a number of themes such as prohibitions on interest, handling of unclaimed client funds, outsourcing and agency agreements, disclosure of charges, accounting and auditing, reporting requirements and other prohibitions and restrictions, to name a few.

In addition to the above, with the introduction of the Financial Sector Regulation Act, the FSCA's jurisdiction was expanded to include, among others, payment services. However, the FSCA pended the roll-out of a conduct framework for payment services pending the introduction of a licensing framework for payment services activities, which was intended to be given effect to through the introduction of the Conduct of Financial Institutions Bill.

Over the past few years, the FSCA and NPSD has had extensive discussions surrounding the future regulation of payment services activities, considering the objectives of the NPS Act, Financial Sector Regulation Act, FSCA and NPSD respectively. As a result of the draft Directive that is proposing to introduce a licensing framework for payment services activities, more recent discussions between the FSCA and NPSD highlighted the need for the FSCA to roll out a conduct regulatory framework that will enable the FSCA to start regulating payment services activities in conjunction with the NPSD. As such, during the coming year the FSCA will be focusing on developing a draft Conduct Standard applicable to payment services activities.

The ongoing COFI Bill transition project does, however, impact this work to some extent and it is important to ensure that the Conduct Standard that will be developed does not undermine the COFI Bill transition work and/or creates misalignment, especially seeing that this project will likely precede the finalisation of the COFI Bill project. Therefore, the intention is for the Conduct Standard to be positioned at a high, principles-based level to avoid any risks of misalignment.

Lastly, the Conduct Standard is also dependent on the finalisation of the NPSD's authorisation framework (i.e. the finalisation of the draft Directive) as supervising entities without an applicable licensing framework is challenging. Timing surrounding the draft Conduct Standard will therefore be coordinated in conjunction with the NPSD.





4.3 Financial Markets Regulatory Framework

4.3.1 Primary legislation

The FSCA will continue to support the National Treasury in finalising the review of the Financial Markets Act. It is possible that a public version of the proposed Bill will be published for public comment during 2025/2026. If so, the FSCA will provide technical support to the National Treasury throughout the public consultation process. The legislative interventions that will flow from the review of the Financial Markets Act will contribute to shaping the future of financial markets regulation resulting in improved integrity and efficiency in the financial markets context. Once the review has been completed, the regulatory projects of the FSCA will reflect the expanded regulatory responsibilities set out in the Financial Markets Act. Although some dependencies exist between the Review of the Financial Markets Act and regulatory projects the FSCA is currently working on, these dependencies can be managed, and the existing projects can proceed without any significant disruption.

4.3.2 Regulatory instruments

The financial markets related projects listed in the 2024 Regulation Plan, and accompanying explanations, remain relevant and have been included in the 2025 Regulation Plan. One new project, discussed below, has been added to the Regulation Plan. The financial markets focused projects that have been included in the 2025 Regulation Plan entail the following:

- Development of a Regulatory Framework for Central Clearing in South Africa:
 - The Phase 2 work, as contemplated in the Joint Roadmap for Development of a Regulatory Framework for Central Clearing in South Africa (Joint Roadmap), is well progressed. A key aspect of Phase 2 is the draft Joint Standard: Criteria for the exemption of an external central counterparty or external trade repository from the provisions of the FMA. The Joint Standard has already been submitted to Parliament and the final Joint Standard will likely be made within the second half of 2025/2026. As previously explained, the finalisation of the Equivalence Framework for Financial Markets and the Determination of requirements relating to external central counterparty and external trade repository licence applications will closely coincide with the finalisation of the Joint Standard. It is therefore envisaged that Phase 2 of the Joint Roadmap will be finalised within the 2025/2026 business year.

- Technical work focused on determining eligibility criteria for central clearing (Phase 3 of the Joint Roadmap) progressed and the Authorities intend to publish a Discussion Document surrounding the proposed eligibility criteria for public consultation during 2025/2026.
- *Joint Standard - Capital and risk management requirements for non-bank ODPs*: This project was included in the Regulation Plan in 2024 and was initiated as a result of recommendations made by the World Bank Group as part of South Africa's last Financial Sector Assessment Program review. The intention of this Joint Standard is to strengthen capital requirements and risk management rules for over-the-counter derivative providers (ODPs), especially in the non-bank ODP context. Technical work performed in 2024/2025 focused on formulating proposals and it is envisaged that the Authorities will publish a Discussion Document setting out these proposals for public consultation during the course of 2025/2026.
- *Framework for regulating the provision of a benchmark*: Although the development of this framework is well progressed (as reported in previous regulation plans), recently there have been significant changes to international standards related to benchmarks. The European Union (EU) in May 2025 published amendments to the EU Benchmark Regulations (BMR) which will come into effect in 2026, and the amendments will have substantial implications for the local regulatory framework under development. As such, the decision has been taken that the regulatory framework under development should be narrowed to focus on significant and critical benchmarks, in line with the changes in the EU BMR. Accordingly, over the next period the following key actions will be taken:
 1. The draft Conduct Standard will be revised to align to the changes proposed to the EU BMRs and only scoping in significant and critical benchmarks.
 2. The proposed quantitative thresholds for critical and significant benchmarks will be further refined to be appropriate to the South African markets while taking into account global standards.
 3. A list of quantitative and qualitative criteria will be developed, against which the FSCA can assess a particular benchmark and determine a particular benchmark as critical or significant, rendering it to be licensed and regulated by the FSCA. Such a determination of a particular benchmark will then take the form of a legal notice published on the FSCA website.
 4. Reporting obligations will be placed on benchmark users through the Conduct Standard to enable consistent calculation of benchmark thresholds. Further consideration will be given to develop technical guidance on the calculation of thresholds to ensure consistent calculation of the values of benchmarks to be used by benchmark administrators across the market.

The above action will inform a further revised draft of the Conduct Standard reflecting the above proposals and a revised Statement of Need and Impact of the Draft Conduct Standard explaining the policy imperative for the changes. It is expected that the revised Conduct Standard and supporting documents will be published for a third round of public consultation early in 2026.

Further technical work will also be undertaken on the development of an equivalence and recognition framework for foreign benchmarks and benchmarks administrators, impacted by the narrower scope of the proposed regulatory framework. The intention is to develop a framework to enable the use of foreign benchmarks in South Africa that is much more flexible, if there is proven compliance with the IOSCO principles. The draft framework will be informed by the perimeter of the narrower conduct standard and licensing criteria and consulted on in due course.

- *Conduct Standard - Requirements for Market Infrastructures:* The second draft of this Conduct Standard, which was published in 2024/2025, had an extended scope when compared to the first draft.¹⁵ Based on the comments received on the draft Conduct Standard that was published for public consultation, and further changes that were subsequently made to the Conduct Standard, early indications are that the Conduct Standard will be published for a third round of public consultation during 2025/2026. However, a final decision must still be made in this regard.
- *Joint Standard - Recovery Plans for Market Infrastructures:* The public consultation process undertaken in 2024/2025 has been concluded and the Joint Standard has been amended as necessary. For 2025/2026, the Authorities are planning to submit the draft Joint Standard to the National Treasury for onforwarding to Parliament.
- *Draft Conduct Standard - Requirements relating to the reporting and disclosure of short sales:* For 2025/2026, the FSCA will finalise its consideration of the public comments received on the second draft of the Conduct Standard which was published for public consultation. The second version of the draft Conduct Standard adopted a significantly different approach when compared to the first version that was published.¹⁶ Next steps on this project will depend on the nature of the public comments received, and specifically whether the newly proposed approach is supported. If the approach is supported and there are no fundamental concerns with the draft Conduct Standard, the FSCA will proceed to submit the Conduct Standard to the National Treasury for onforwarding to Parliament.

¹⁵ See the Statement of Need and Impact that was published together with the draft Conduct Standard, which contextualises why an extended scope is necessary.

¹⁶ See the Statement of Need and Impact that was published together with the draft Conduct Standard, which contextualises why a different approach was necessary.

- *Draft Conduct Standard – Requirements pertaining to securities financing transactions:* A draft Conduct Standard has been drafted and will be published for public consultation during 2025/2026.
- *Conduct Standard – Requirements for credit ratings agencies:* This is a new project that has been added to the Regulation Plan. The COFI Bill will repeal the Credit Ratings Services Act, 2012 (CRSA). The COFI Bill also states that any notice and the like made before the repeal of the CRSA remains in effect until repealed /replaced through conduct standards. The new Chapter in the Financial Sector Regulation Act that will replace the CRSA is, however, not a verbatim copy of the current CRSA. Many provisions that were contained in the CRSA were not perpetuated in the new Chapter because there was a view that such provisions can rather be dealt with through subordinate legislation (conduct standards). If these provisions are to be retained, they will have to be included in conduct standards. The repeal of the CRSA therefore presents an opportunity to review the current CRS framework (i.e. all the existing CRS notices) and streamline and consolidate the notices into a more appropriate framework. For 2025/2026, the FSCA will commence technical work on developing a Conduct Standard setting our requirements for credit ratings agencies, with a view to publish a draft Conduct Standard for public consultation during 2026/2027.
- *Amendments to FMA Conduct Standard 3 of 2018 – Conduct Standard for reporting obligations in respect of transactions in over-the-counter derivatives:* This is a new project that has been added to the Regulation Plan. The Conduct Standard prescribes reporting obligations in respect of transactions in over-the-counter derivatives under section 58 of the Financial Markets Act, read with paragraph 3 of the Financial Markets Act Regulations. The Conduct Standard requires that the reports must be submitted to a trade repository (TR). Paragraph 10 of the Conduct Standard, which relates to the commencement date, sets out that the Conduct Standard is to come into effect on a date determined by the FSCA. The Conduct Standard has not taken effect to date, as until recently there was no licensed TR in South Africa. However, on 28 November 2024, the FSCA issued a TR license to Strate (Pty) Ltd to perform the duties of a TR.



Work is underway to support the operationalisation of the TR, and expectations are that the Conduct Standard will be made effective within the next six months, and reporting will commence in line with the transitional arrangement as set out in paragraph 9 of the Conduct Standard. However, a need has been identified to update the data fields, data formats and descriptions as currently prescribed in terms of the Conduct Standard to align to current global practices and international standards. The opportunity will also be used to introduce some enhancements and drafting clarifications required in the Conduct Standard. Technical work focused on formulating the amendments to the Conduct Standard will commence in 2025/2026.

4.4 Cross-cutting/sector regulatory framework developments

The following two critical cross-cutting/sector projects were finalised during 2024/2025 and have been removed from the 2025 Regulation Plan:

- *Joint Standard 2 of 2024 – Cybersecurity and cyber resilience requirements; and*
- *FSCA Conduct Standard 1 of 2025 (General) - Requirements for financial institutions providing financial education initiatives.*

The remaining cross-cutting/sector regulatory framework projects listed in the 2024 Regulation Plan, and accompanying explanations, remain relevant. These include the following:

- *Joint Standard – Culture and Governance:* Following targeted informal consultation on the draft Joint Standard in 2024/2025, the Authorities are planning to publish the draft Joint Standard for public consultation in 2025/2026.
- *Conduct Standard regarding industry practices and treatment of lost accounts and unclaimed assets:* Policy work continued following the publication of the FSCA's Discussion Paper relating to industry practices and treatment of lost accounts and unclaimed assets on 22 September 2022. The regulatory framework interventions will be developed flowing from the Discussion Paper consultation process, and subsequent other engagements. The FSCA envisaged that formal regulatory framework interventions, in the form of a Conduct Standard, will be published for public consultation during 2025/2026.
- *Joint Standard – Requirements relating to beneficial owners:* Informed by Chapter 11A of the Financial Sector Regulation Act, the Authorities formulated a draft Joint Standard and are aiming to publish the draft Joint Standard for public consultation during 2025/2026.

- *Cross-sector licensing requirements:* The development of cross-sector licensing requirements in anticipation of the COFI Bill is continuing. The dependencies highlighted in previous Regulation Plans, however, remains relevant and timelines surrounding public consultation on these draft requirements is at this stage uncertain. Notwithstanding, progress on this development will be publicly communicated as part of the progress updates on the COFI Bill Transition Project.
- *Joint Standard – Requirements relating to third-party service provision (outsourcing):* Technical work in respect of this Joint Standard, which is focused on harmonising and strengthen requirements pertaining to third party service provision/outsourcing, is expected to continue throughout 2025/2026 and a version for public consultation will likely only be ready in 2026/2027.



4.5 Other strategic focus areas

4.5.1 Sustainable Finance


The FSCA has progressed work in relation to its sustainable finance work programme over the past year. A pilot project on the Green Finance Taxonomy is underway, and participants from the banking, asset management and retirement fund sectors have been identified to participate. The pilot is expected to provide recommendations on interventions that the FSCA can consider to encourage greater uptake of the Green Finance Taxonomy. Final outputs are expected by August 2025.

Work has also progressed in relation to the disclosure framework. The FSCA will develop a guidance regarding how existing legislative provisions relating to misleading information, can be considered from a sustainability perspective. This leverages existing requirements to begin to address risks of greenwashing/impact washing. The FSCA is also considering the appropriateness of mandatory sustainability disclosure requirements for large, listed entities, aligned to IFRS S2, and the extent to which this can be given effect.

Collaboration with other relevant bodies will continue to ensure effective coordination of sustainable finance interventions. As mentioned in the 2024 Regulation Plan, legislative interventions flowing from the FSCA Sustainable Finance work programme will, as the work progresses, be incorporated into the FSCA's Regulation Plan.

4.5.2 Open Finance

The FSCA is continuing its work focused on Open Finance, and various activities took place in this regard, during the 2024/2025 financial year.



The FSCA published its Open Finance Policy Recommendations Report in March 2024. The report reflects the comprehensive stakeholder engagement that has taken place since the publication of the FSCA's Draft Position Paper on Open Finance in 2023, incorporating comments received on that paper and submissions made in terms of the October 2023 Information Request.

Currently, the FSCA in collaboration with Cenfri, is conducting Open Finance research aimed at deepening its understanding on practical aspects to consider when implementing an approach to data sharing and Open Finance in South Africa. This research will leverage existing research and industry submissions to provide insights.

It is expected that the findings from the research will support the National Treasury and the Intergovernmental Fintech Working Group (IFWG) in understanding the policy issues and implementation challenges from a conduct perspective.

In the medium to long term, the FSCA intends to continue to collaborate with the IFWG in developing an enabling Open Finance environment and infrastructure, developing a common view of use cases that could be prioritised with considerations of impact of Open Finance, developing suitable consent risk management and disclosure frameworks and other initiatives to support Open Finance implementation in South Africa.

As mentioned in the 2024 Regulation Plan, the outcome of the Open Finance work programme is likely to result in legislative interventions, subject to prioritisation and a phased approach. The nature and timing of these legislative interventions will be determined in due course and the Regulation Plan will be revised to accommodate these interventions as the work progresses.



4.5.3 Artificial intelligence

As explained in the 2024 Regulation Plan, Artificial Intelligence (AI) (including machine learning) is a new focus area of the FSCA. During the past year, the FSCA has, in collaboration with the Prudential Authority, been conducting a market study on the adoption and usage of AI in the South African financial sector. The integration of AI in South Africa's financial sector presents both opportunities and challenges, particularly in the areas of consumer protection, market conduct, and financial soundness. Despite AI's potential to enhance efficiency and innovation, there is a significant gap in understanding its current adoption, impact, and the associated regulatory challenges. The market study aims to explore the landscape of AI within the financial industry, focusing on how AI technologies affect consumer protection, influence market conduct, and impact financial stability. By addressing these aspects, the research will provide valuable insights that ensure that AI is leveraged ethically, responsibly and effectively to benefit all stakeholders while safeguarding the integrity and soundness of the financial sector. The market study report is expected to be published by second quarter of 2025.

As was mentioned in the 2024 Regulation Plan, the FSCA and Prudential Authority will likely include high-level governance principles relating to the use of AI by financial institutions into the Joint Standard – Governance requirements for financial institutions. In addition, the FSCA is also considering the extent to which existing frameworks that are outcomes- and principles-based can be leveraged to explain how these should be applied in an AI context, e.g. potentially through Guidance Notices. The market study is expected to assist the FSCA in making informed decisions surrounding such interventions and the Regulation Plan will be amended in due course to incorporate any interventions flowing from this work.

4.5.4 Operational risk and resilience and cloud computing

As reported in the 2024 Regulation Plan, the FSCA and Prudential Authority is in the process of assessing the extent to which the regulatory framework requires strengthening to ensure (i) financial institutions manage operational risk and resilience effectively and consistently; and (ii) the regulatory framework appropriately deals with the emerging risk of cloud computing. Work in this regard is continuing and it is likely that the Authorities will formulate draft Joint Standards that will publicly be consulted on. The timing of such a legislative intervention is, however, still under consideration and will be determined in due course.



4.5.5 Transition from the Johannesburg Interbank Average Rate (JIBAR) to the South Africa Rand Overnight Index Average (ZARONIA)

This is a new focus area for purposes of the Regulation Plan. On 2 November 2022, the South African Reserve Bank introduced ZARONIA. Initially, it was published to allow market participants to observe its performance during a one-year observation period, which concluded on 3 November 2023. Following this period, ZARONIA was endorsed for use as a reference rate in financial contracts, serving as the successor to the JIBAR. It is envisaged that Jibar will cease to exist in December 2026, and the transition from JIBAR to ZARONIA (the transition) has therefore been prioritised.

However, there are various challenges associated with the transition ranging from legacy contracts and renegotiation, system changes, operational impacts, pricing complexities and the need to change certain existing legislative references to allow for a smooth transition. The transition from JIBAR to ZARONIA in South Africa will mean that the SARB as the administrator of JIBAR will cease the provision of JIBAR and transition to the provision of ZARONIA. This will affect any market that references JIBAR as a benchmark. This includes, (i) the loan market (from syndicated loans to consumer loans and mortgages), (ii) the derivatives market including over-the-counter derivatives and exchange traded derivatives such as options and futures, (iii) bonds and floating rate notes, (iv) securitised products, and (v) short-term instruments such as repos. Notably underlying all these types of instruments are contracts or agreements that reference JIBAR as the applicable benchmark against which to calculate the interest payable in terms of the contracts. Some, if not most of the contracts, are what is referred to as “tough legacy contracts”, which is generally taken to mean a contract that cannot be amended or cannot easily be amended.

Albeit limited, the FSCA has a part to play in ensuring that the transition occurs as smoothly as possible. For example, it is the FSCA’s understanding that the National Treasury is currently considering amendments to primary legislation (such as the Financial Sector Regulation Act) that are aimed at providing for safe harbour provisions specifically aimed at tough legacy contracts to facilitate a smooth transition. Should this decision be taken, the FSCA will endeavour to provide continued support to the National Treasury in formulating these legislative amendments. In addition, some of the existing subordinate legislation and/or Notices administered by the FSCA contains references to JIBAR.

The outdated references will create problems if the transition is to be implemented. The FSCA undertakes to actively consider solutions to address this issue. One option might be to issue a general exemption(s), especially in the context of Board Notice 90 of 2014 (CIS).

The FSCA welcomes the transition and will take all necessary actions within its power to ensure the transition occurs smoothly and responsibly.

4.5.6 Transitional arrangements pertaining to the prudential regulation of retirement funds, collective investment schemes, friendly societies and medical schemes

As reported in the 2024 Regulation Plan, the FSCA and Prudential Authority is currently in the process of developing an implementation plan that will guide the transition of prudential regulation of retirement funds, collective investment schemes and friendly societies to the Prudential Authority come 31 March 2026.¹⁷ Planning for the transition is progressing well, and it is likely that the transition will occur on a staggered basis comprising more than one phase. As previously explained, the outcome of the transition process is likely to have an impact from a regulatory framework perspective, which could entail –

- transitioning certain prudentially focused frameworks currently supervised by the FSCA to the Prudential Authority;
- converting certain frameworks currently supervised by the FSCA to Joint Standards; and
- developing new prudentially focused frameworks (by the Prudential Authority).

Assessment of the nature and extent of the regulatory framework impacts are continuing, and implementation of the framework changes will likely entail a multi-year process, with contingency plans in place to address immediate priorities. The Regulation Plan will, in due course, be amended to reflect the outcome of any regulatory interventions that need to take place as a result of the transition process.

With regards to medical schemes, discussions between the FSCA, Prudential Authority, Council for Medical Schemes, National Treasury and the Department of Health are ongoing, and formal proposals surrounding the future regulation of medical schemes will be developed in due course. Should these proposals result in legislative interventions, these interventions will be included in the Regulation Plan at the opportune time.

More detailed information pertaining to the transition will be communicated by the Authorities in due course.

¹⁷ I.e. the date on which the transition takes effect.

4.5.7 Projects to be collapsed into the COFI Bill transition project

As was explained in previous regulation plans, various developments were pended due to overlap in various aspects that form part of the COFI Bill transition project and the potential risk of misalignment with the future framework. The current status of these projects is set out below:

PROJECT	STATUS
Draft amendments to the Policyholder Protection Rules under the Long- and Short-term Insurance Act	Status remains the same. Draft proposals will be considered as part of the COFI Bill transition project.
Draft amendments to the Regulations under the Long- and Short-term Insurance Regulations	Status remains the same. Draft proposals will be considered as part of the COFI Bill transition project.
Conduct Standard relating to Culture and Governance for pension funds	Status remains the same. Draft proposals will be considered as part of the COFI Bill transition project, in particular the themed framework titled “Culture and Governance Joint Standard.”
Draft Conduct Standard – Communication of Benefit Projections to members of pension funds	Under consideration whether this project should be pended and collapsed into the COFI Bill transition project, in particular the Advertising and Disclosure themed framework.
Conduct Standard relating to Advertising and Marketing Requirements for CIS Managers	Some of the matters contained in this Draft Conduct Standard have been addressed through the new draft <i>Conduct Standard – Requirements for Collective Investment Scheme Managers</i> , e.g. MDD requirements. The remaining issues will be addressed as part of the COFI Bill transition project, in particular the Advertising and Disclosure themed framework.

Draft Conduct Standard relating to Governance, Fit and Proper and Other Requirements for CIS Managers	Many of the matters contained in this Draft Conduct Standard have been addressed through the new draft Conduct Standard – Requirements for Collective Investment Scheme Managers. The remaining matters will be addressed through the COFI Bill transition project, for example the Fit and Proper themed framework.
Review of Board Notice 778 - Determination of the Limits and Conditions for Third Party Named Portfolios of Collective Investment Schemes	Status remains the same. Draft proposals will be considered as part of the COFI Bill transition project.



4.5.8 Guidance Notices and Interpretation Rulings

Interpretation rulings will be progressed “as and when the need arises”. As explained in the 2024 Regulation Plan, the FSCA is in the process of formulating a more structured approach to Guidance Notices. The approach is dependent on the regulatory framework evolving to one that is more outcomes- and principles-based as Guidance Notices will be utilised to inform the legislated outcomes- and principles. The COFI Bill transition project is envisaged to transform the framework in this way, and it is therefore likely that this approach will only be in full effect after the COFI Bill transition project has reached a mature stage.

Notwithstanding the above, the FSCA is in the process of considering certain potential Guidance Notices that it will be progressed during the next couple of years. This may include Guidance Notices pertaining to leverage used by non-bank ODPs; juristic representatives used by non - bank ODPs; bank account closure practices; complaints management practices; crypto asset services providers and the calculation of late payment interest by pension funds.

4.6 Summary / High-level overview

Annexure A below itemises the regulatory framework projects that the FSCA will focus on over the course of the next three years (1 April 2025 to 31 March 2028) as contained in the 2025 Regulation Plan, as discussed above, together with deliverables and when technical work and drafting will occur. It is reiterated that:

- Projects are dependent on various external and internal dependencies which could influence timelines; and
- The strategic direction of some of these projects might change and the FSCA might decide not to progress a particular project, or to progress it in a different way.

The projects and specifically the timelines indicated in Annexure A are therefore a broad estimate, not fixed, and subject to change. The colour scale for the timeline is as follows:

Planned external facing action
Technical or drafting work or input required
Finalisation
No work required
No actions- project finalised

5. REVIEW OF REGULATION PLAN AND CONCLUSION

As explained above, the FSCA's Regulation Plan is a three-year plan that is reviewed annually to ensure the Plan is up to date and takes into account changing circumstances, emerging developments and risks.

The FSCA reiterates that stakeholder engagement and consultation is critical to ensure the framework is robust, promotes the fair treatment of financial customers and the efficiency and integrity of financial markets, is aligned to international standards, yet fit for purpose considering the domestic context. Stakeholders are therefore urged to participate in this process of legislative change to ensure optimal results for the financial sector and South Africa.



ANNEXURE A

HOLISTIC TIMELINE FOR REGULATORY INTERVENTIONS												
INITIATIVE ¹⁸	2025/2026 BP YEAR				2026/2027 BP YEAR				2027/2028 BP YEAR			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Apr - Jun '25	Jul - Sept '25	Oct - Dec '25	Jan - Mar '26	Apr - Jun '26	Jul - Sept '26	Oct - Dec '26	Jan - Mar '27	Apr - Jun '27	Jul - Sept '27	Oct - Dec '27	Jan - Mar '28
COF Bill	Timelines for completion outside of the control of the FSCA. Support will continue as long as necessary.											
FMR/Bill	Timelines for completion outside of the control of the FSCA. Support will continue as long as necessary.											
Regulatory framework under the COFI Bill	Targeted consultation on themed frameworks				Targeted and public consultation on themed frameworks				Targeted and public consultation on themed frameworks			
	Continuation of other technical work				Continuation of other technical work				Continuation of other technical work			
Cross-sector licensing requirements	TBD											
CS treatment of lost accounts and unclaimed assets	Technical work and formulation		Public consultation		Technical work and refinements		2nd round of public consultation		Technical work and refinements		Parliament submission and finalisation.	
JS – Beneficial Owners	Technical work		Public consultation			Technical work, refinements and engagement with the PA			Parliament submission and finalisation.			
	Envisaged timeline. Timeline must still be confirmed between the FSCA and Prudential Authority.											
JS – Third-party service provision	Technical work and formulation				Public consultation		Technical work and refinements			2nd round of public consultation or Parliament submission		
	Envisaged timeline. Timeline must still be confirmed between the FSCA and Prudential Authority.											
JS – Culture & Governance	Technical work and refinement		Public consultation			Technical work, refinements and engagement with the PA			2nd round of public consultation			
	Envisaged timeline. Timeline dependent on FSCA and Prudential Authority engagements.											
JS – Exemption Criteria external CCPs, TRs and CSDs	Technical work and refinement	Finalisation.										
Equivalence Framework		Finalisation.										
Determination-External CCP & TR licence requirements		Finalisation.										

¹⁸ Due to space restrictions abbreviated descriptions were used.

Eligibility Criteria for central clearing	Technical work	Public consultation (Discussion Document)	Technical work (on Joint Standard), Refinement and engagement (on criteria)	Public consultation	Refinement and engagement	Submission to Parliament and finalisation
	Envisaged timeline. Timeline must still be confirmed between the FSCA and Prudential Authority.					
JS – Capital and risk management requirements for non-bank ODPs	Technical work	Public consultation (Discussion Document)	Refinement and engagement	Public consultation (Joint Standard)	Refinement and engagement	
	Envisaged timeline. Timeline must still be confirmed between the FSCA and Prudential Authority.					
JS – Recovery Plans for MIs	Technical work	Submission to Parliament and finalisation				
	Envisaged timeline. Timeline must still be confirmed between the FSCA and Prudential Authority.					
Provision of benchmarks framework	Technical work	3rd round of public consultation	Refinements	Submission to Parliament and finalisation		
Amendments to FMA Conduct Standard 3 of 2018 TR reporting	Technical work	Public consultation		Refinement and engagement	Submission to Parliament and finalisation	
CS – Requirements for Market Infrastructures	Refinement and engagement	3rd round of public consultation	Refinement and engagement	Submission to Parliament and finalisation		
CS – Short sale reporting and public disclosure	Technical work and refinements		Submission to Parliament and finalisation			
CS - SFTs	Technical work	Public consultation	Technical work and refinements	Submission to Parliament and finalisation		
CS – Credit ratings services	Technical work and formulation			Public consultation	Refinement and engagement	Submission to Parliament and finalisation
CS – CIS Manager requirements	Finalisation					
Draft (interim) BN90 amendments	Finalisation					
Review of BN90, BN52 and BN257	Continuation of technical work and informal consultation		Public consultation	Refinement and engagement	2nd round of public consultation	Refinement
Amendments to Board Notice 257 of 2013	Refinement	Submission to Parliament and finalisation				

CIS accounting framework	Continuation of technical work. Timelines dependent on COFI Bill.			
Review of Pro-forma Deed for CIS		Continue technical work and formulation of proposals	Informal consultation	Refinement
Alternative Investment Fund Framework	Continuation of technical work and informal consultation	Public consultation	Refinement and engagement	2nd round of public consultation
CS – PF Benefit Administrators	Finalisation			
CS – Living Annuities	Way forward to be determined			
PS – PF AFS and Regulatory Reporting		Submission to Parliament and finalisation		
PS – Quarterly Reg 28 reporting (holistic reporting)		Submission to Parliament and finalisation		
PF Liquidation requirements	Timelines to be confirmed.			
JS – CFIs and Co-Op Banks	Approach to be agreed with the PA, and timelines to be established.			
CS – Payments Services	Timelines to be determined in consultation with the NPSD.			

2025 FSCA 3-YEAR REGULATION PLAN

(1 APRIL 2025 – 31 MARCH 2028)

Financial Sector Conduct Authority

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