

INVITATION FOR PUBLIC COMMENTS ON THE DRAFT FINANCIAL MARKETS BILL, 2011

The National Treasury hereby invites public comments on the draft Financial Markets Bill, 2011 ("the Bill").

The Bill builds on existing policy for the financial markets as defined through the Securities Services Act of 2004, No 36 of 2004. This Act will be repealed and replaced.

The Securities Services Act took effect on 1 February 2005. It governs the regulation of securities services in South Africa to include securities exchanges, central securities depositories, clearing houses, and their respective members. It consolidated the South African regulatory framework for capital markets and aligned the regulation and supervision of South African financial markets with the prevailing international developments and regulatory standards.

In recognition of the need for financial regulatory reform following the recent financial crisis, President Jacob Zuma has committed South Africa to a global regulatory reform agenda, which for the financial sector – including financial markets - includes a stronger regulatory framework, more effective supervision, improved crisis resolution, and enhanced accountability through international assessments and peer reviews.

The Financial Markets Bill gives effect to this agenda by:

- ❖ Strengthening the Self Regulatory Organisation model of supervision (which has proven efficient and effective in delivering on the objectives of securities regulation).
- ❖ Aligning financial markets regulation with international best practice.
- ❖ Giving effect to recommendations made by the 2008 World Bank and International Monetary Fund Financial Sector Assessment Programme.
- ❖ Implementing South Africa's commitment to the UNIDROIT Convention to improve investor protection in cross-border transactions.
- ❖ Ensuring alignment between legislation that governs financial markets and the wider legislative framework, including the new Companies Act and the Consumer Protection Act.

Comments on the Financial Markets Bill are invited from all interested stakeholders. After due consideration of submissions made on the Bill, it will be tabled to parliament. Implementation is expected to take place in 2012.

The Bill and accompanying documents are available on the National Treasury (www.treasury.gov.za) and Financial Services Board (www.fsb.co.za) websites. Draft subordinate regulation to be issued in terms of the Bill will also shortly be released for public comment.

Written comments should be sent to Linda van Zyl at Linda.vanzyl@treasury.gov.za, or faxed to 012 315 5206 on or before 5 September 2011.
