
GENERAL NOTICE

NOTICE 424 OF 2012

NATIONAL TREASURY

PUBLICATION OF EXPLANATORY SUMMARY OF THE FINANCIAL SERVICES LAWS GENERAL AMENDMENT BILL, 2012

The Minister of Finance intends tabling the Financial Services Laws General Amendment Bill, 2012 ("the Bill"), in the National Assembly. The explanatory summary of the Bill is hereby published in accordance with Rule 241(1)(c) of the Rules of the National Assembly.

The Bill will effect necessary legislative changes highlighted by the 2008 financial crisis, as outlined in the National Treasury's policy paper, "*A safer financial sector to serve South Africa better.*" The Bill updates eleven financial sector Acts, including the Financial Services Board Act, 1990, the Inspection of Financial Institutions Act, 1998, the Financial Institutions (Protection of Funds) Act, 2001, the Short-term and Long-term Insurance Acts, 1998, the Pension Funds Act, 1956 and the Financial Advisory and Intermediary Services Act, 2002.

The primary objective of the Bill is to ensure a sound and well regulated financial services industry and to promote stability in the financial markets by —

- strengthening the financial sector regulatory framework;
- enhancing the supervisory powers of the regulators; and
- enhancing the powers of the Minister of Finance to address potential risks to the financial system.

The Bill addresses several urgent matters:

- rectifying gaps identified by the IMF/World Bank Financial Sector Assessment Program of South Africa's adherence to international standards for financial regulation;
- aligning financial sector legislation with the Companies Act, 2008;
- resolving regulatory overlaps caused by the Consumer Protection Act, 2008, the Companies Act, 2008 and the Competition Act, 1998;
- establishing the Financial Services Board as the lead regulator where there is concurrent jurisdiction in respect of the same entities; and
- to provide the Minister with adequate emergency powers to deal with systemic risks to the financial system.

The Bill also provides for the following:

- repealing all current Advisory and Standing Committees with the aim of rationalising the consultation processes;
- enabling the South African Reserve Bank ("the SARB") to provide emergency liquidity to the banking system during a financial crisis;
- amending the Co-operatives Banks Act to provide for the SARB to be the sole supervisor of Co-operative Banks; and
- amending the definition of "business of a medical scheme" in the Medical Schemes Act, 1998, which is required to support Demarcation Regulations which were recently released by the National Treasury and the Department of Health.

A copy of the Bill will be obtainable from the Department's website at <http://www.treasury.gov.za> after introduction of the Bill, and also by contacting:

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Printed by and obtainable from the Government Printer, Bosman Street, Private Bag X85, Pretoria, 0001
Publications: Tel: (012) 334-4508, 334-4509, 334-4510
Advertisements: Tel: (012) 334-4673, 334-4674, 334-4504
Subscriptions: Tel: (012) 334-4735, 334-4736, 334-4737
Cape Town Branch: Tel: (021) 465-7531

Gedruk deur en verkrygbaar by die Staatsdrukker, Bosmanstraat, Privaatsak X85, Pretoria, 0001
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