

International Monetary Fund & AFRITAC Workshop

Observance of CPSS-IOSCO1 Principles for Financial Market Infrastructures (PFMIs)



South African Reserve Bank

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Accra, Ghana

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SOUTH AFRICAN RESERVE BANK

Table of content

1. Mandate and legal basis
2. NPSD Organisational structure
3. The FMIs and SA authorities
4. Effects of the Five Responsibilities of Authorities
5. Assessment approach of the Five Responsibilities of the PFMI
6. Challenges
7. Recommendations
8. What worked well



Mandate and legal basis to regulate, oversee and supervise NPS System FMIs and South African Authorities

SARB Act 90 of 1989 (section 10(1)(c)(i))



National Payment Act 78 of 1998



Directives

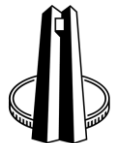
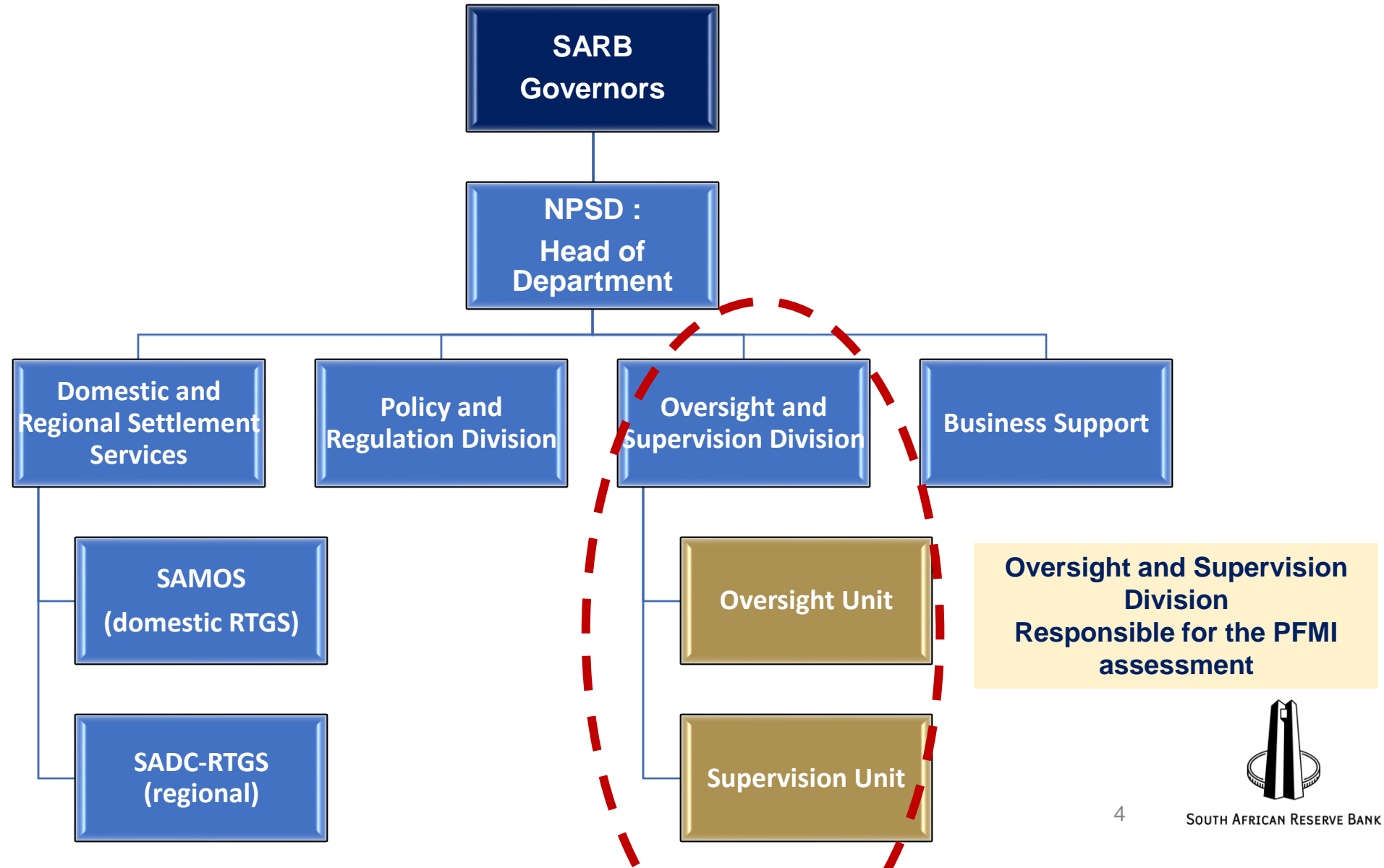


Position Papers

Supported by oversight and supervision frameworks.

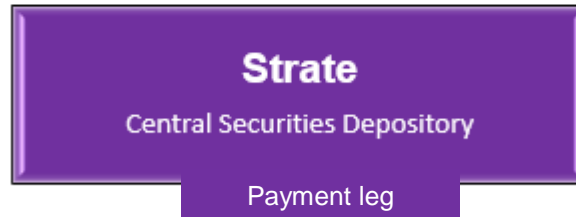
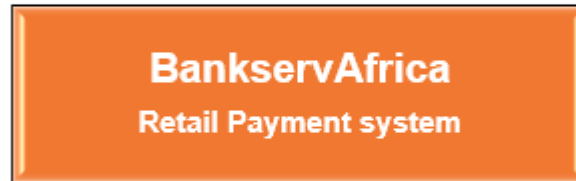
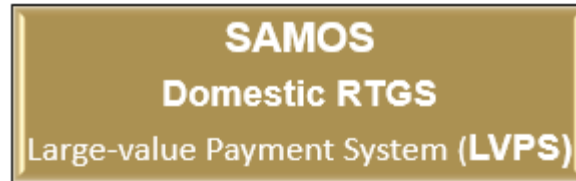


NPSD Organizational Structure

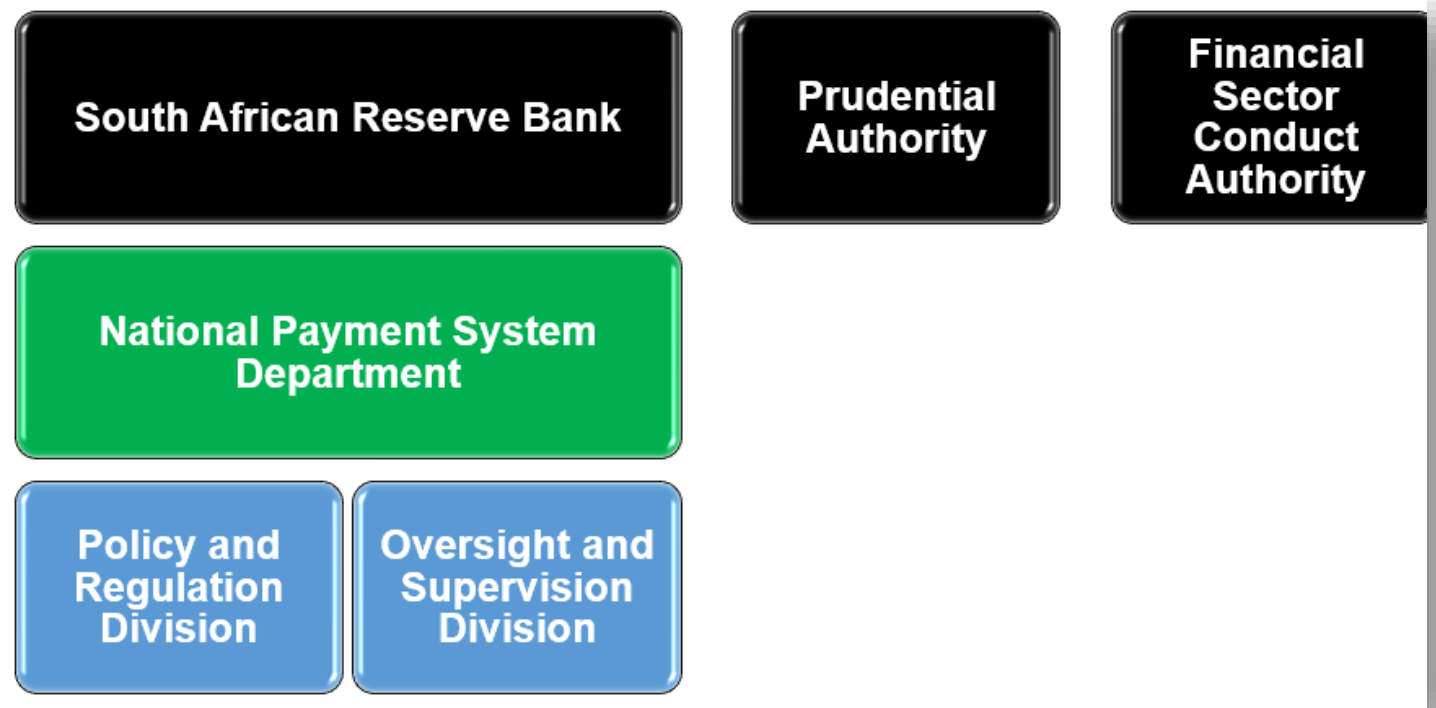


Payment System FMs and South African Authorities

Designated PS FMs

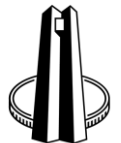


South Africa Authorities



Effects of the Five Responsibilities of Authorities

1. **Assisted the SARB to clearly define the functions within the NPSD.**
 - Policy and Regulation Division and the Oversight and Supervision Division
2. **Informed some of the NPS legislation reforms to empower the functions to regulate, oversee and supervise the NPS including the FMIs**
 - Will review and enhance the Supervision and Oversight framework once NPS Act is amended
3. **The SARB formulated and disclosed Policies with respect to FMIs re: Position Papers.**
 - Continue to work with other authorities on the legislation impacting the FMIs.
4. **The SARB reached out to other South African (SA) authorities to cooperate on matters of common interest.**
 - Entered into memoranda of understanding with the SA authorities.
 - Quarterly engagements with the relevant authorities. Proceedings are minuted.
 - Co-operate on- and to coordinate regarding the assessments of FMIs



Assessment of the Five Responsibilities of Authorities

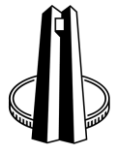
1. **The Oversight and Supervision Division (OSD) of the NPSD – Responsible for the PFMI assessments.**
 - The process is well documented in the Oversight Manual; reviewed annually.
2. **The OSD is obliged to self-assess against the Five Responsibilities of Authorities.**
3. **The OSD initiated the self-assessment process to identify and address any possible gaps at SARB level.**
 - Policy and Regulation Division was also included in the assessment
 - Future approach : Assess the Five Responsibilities at a jurisdictional level together with the other authorities (Prudential Authority and the Financial Sector Conduct Authority).
4. **The initial self-assessment report has been sensitised with the SARB executive.**
5. **Need for an independent assessor to review the self-assessment and advise.**
 - Submit the self-assessment for review.
 - Team engagement with the assessor – clarification.
 - Independent Assessment Report to the NPSD.
 - Implement the recommendations.



Challenges:

Assessment of the Five Responsibilities of Authorities

1. **Formulating and bedding down the assessment approach for the Five Responsibilities of FMIs**
 - Need to perform such at jurisdictional level - How to involve the other authorities
 - Who must lead and pay for the assessment of the Five Responsibilities of FMIs
2. **Clarity of the scope of self-assessment for each authority**
3. **Sourcing and availability of independent assessors**
 - Is there a pool for such assessors
 - Who should source the Independent Assessor – Is It NPSD, Internal Audit Division or Risk Management Compliance Division of the SARB?
4. **Inadequate or stretched human resources**



Recommendations: Assessment of the Five Responsibilities of Authorities

- 1. Workshop with the authorities to:**
 - Formulate and bed down the assessment approach for the Five Responsibilities of Authorities
 - Clarity of the scope of self-assessment for each authority
- 2. International Bodies like International Monetary Fund assist with list of pool for independent assessors**
- 3. Capacitate the assessment teams, if possible**



What worked well in the SARB: Assessment of the Five Responsibilities of FMIs

- 1. The roles and responsibilities within the SARB are well established and clarified.**
- 2. The OSD is supported by well defined legal framework, noting that it needs some enhancement.**
- 3. The decision to limited the scope to the NPSD; for the initial assessment.**
- 4. The assessment approach was well communicated by the lead and the relevant parties were advised.**
- 5. The operational plan was communicated on time: to ensure the availability of the resources.**
- 6. Once assessment report was presented to SARB management, an independent assessor was contracted to review the assessment report.**





THANK YOU



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