

Prudential Authority Quarterly Industry Newsletter

June 2023

Reflections on the first five years of prudential regulation within the Twin Peaks model

It has been five years since the Prudential Authority (PA), a brand-new organisation operating under the administration of the South African Reserve Bank, opened its doors. This was as the country marked the move to the Twin Peaks model of financial regulation and supervision. Since then, the PA has made significant progress towards fulfilling its mandate and reaching its strategic objectives. The PA will continue to deliver on its prudential mandate as provided for under section 33 the Financial Sector Regulation Act 9 of 2017.

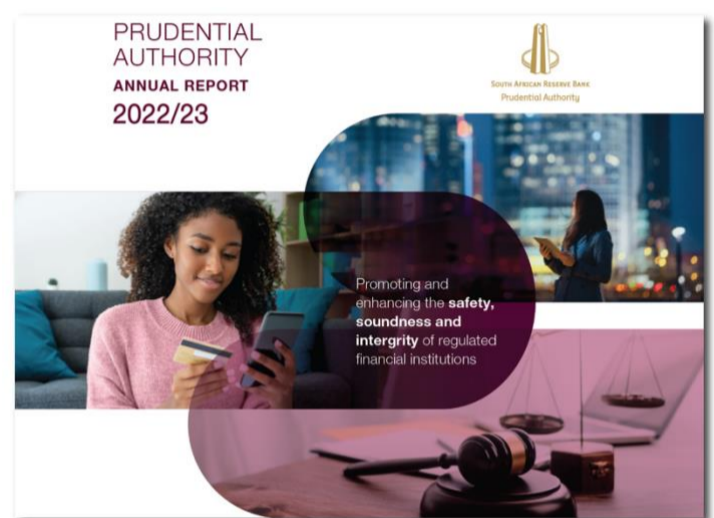
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Prudential Authority Annual Report 2022/23

The *Prudential Authority Annual Report 2022/23* finds us with a sector that is resilient and adequately capitalised, thus contributing to a stable financial system. The PA has made significant inroads in embedding its prudential regulatory and risk-based supervisory frameworks for financial institutions and market infrastructures.

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How the PA invests in the SARB Chartered Accountant trainees: Lloyd Mufamadi



Lloyd Mufamadi, an Analyst in the Prudential Authority (PA), shares that he has always been interested in finance, accounting and banking. Starting his career as a Chartered Accountant Trainee has offered him the opportunity to put his skills and knowledge to use, and he is proud of the purposeful work that he does in the PA, which contributes to protecting and enhancing financial stability in South Africa.

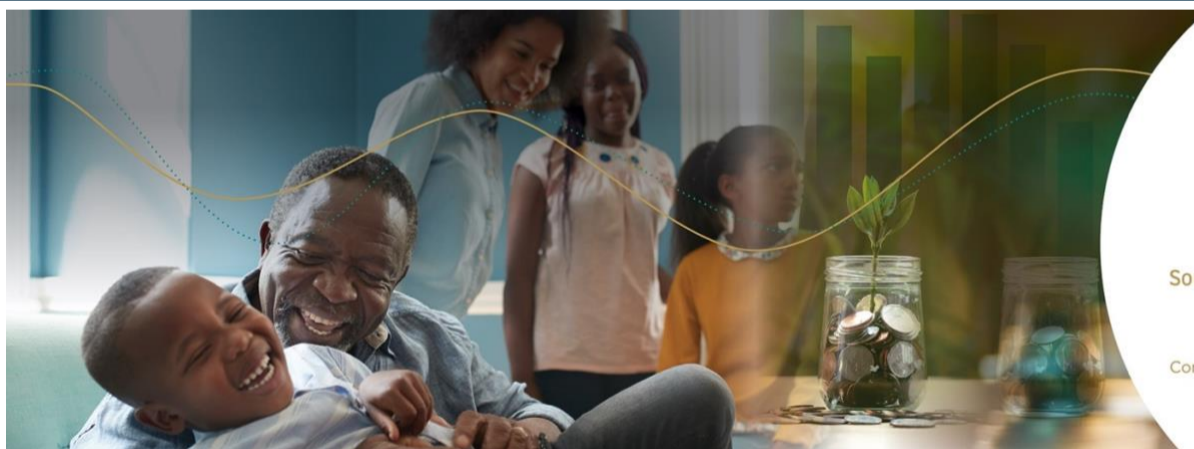
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From curatorship to a resolution framework

Curatorship was previously the framework used for dealing with banks in distress that were not able to repay deposits or meet their obligations. With effect from 1 June 2023, bank curatorship was replaced with resolution, which will be executed in terms of the Financial Sector Regulation Act 9 of 2017 and will include non-bank financial institutions that are designated as systemically important financial institutions (SIFIs).

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The establishment of the Corporation for Deposit Insurance and implications for banks



The Corporation for Deposit Insurance (CODI) was established as a legal entity on 24 March 2023 and is expected to be fully operational by 1 April 2024. Its establishment supports the South African Reserve Bank's financial stability mandate. CODI aims to protect depositors from losses if the banks with which they have placed their funds fail.

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Update to the Commercial Paper Exemption Notice

The Commercial Paper Exemption Notice, first published in 1994, is being amended to reflect the evolution of market practices and market participants, in pursuit of financial stability.

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Update on the Umoja System Implementation Project

The PA transformation journey to becoming the best possible prudential authority continues; the first five years since its establishment can be compared to a tapestry weaved with strands of analysis, discovery and growth. Many will attest that no journey is without difficulties. The PA has experienced a combination of both smooth and bumpy terrain along the way, testing our perseverance and grit, but ultimately learning the importance of adaptability and perseverance.

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In the period between April 2023 and June 2023, several instruments were published by the Prudential Authority.

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