SOUTH AFRICAN RESERVE BANK

Comments received on the proposed approach to the designation of payment systems, market infrastructures and exchanges as systemically important

December 2025

Table of Contents

List of commentators

No	Name of organisation
1.	FirstRand Bank
2.	Johannesburg Stock Exchange
3.	Mastercard Southern Africa
4.	World Federation of Exchanges
	Comments from commentators who requested not to be identified have been omitted from this report.

Comments received

No	Reviewer	Draft paper reference	Comment/Issue	Response
1.	FirstRand	2.4.2.1	Other SARB NPSD draft legislative pieces must be aligned for coherence. While we acknowledge that this definition was included in the discussion paper, we did not observe a definition explicitly provided by the SARB. As such, it remains unclear whether the intention is to adopt this definition formally or whether there is scope to refine it for domestic application.	Agreed. Note that this is a summary of a 2018 paper which is included in this paper for completeness and cross-referencing. On the matter of a formally adopted definition, this will be addressed in the amended Financial Markets Act 19 of 2012 (FMA) and the amended National Payment Systems Act 78 of 1998 (NPS Act) in due course.
2.	FirstRand	3.8	We understand that a systemic event refers to a situation where the failure or distress of a market infrastructure (MI), exchange, or payment system could lead to severe disruptions in the financial system. This could significantly impact financial stability and the broader economy. Consider if a definition of such should be included to provide greater certainty in this regard.	The term is already defined in the FSR Act and footnote 2 includes the FSR Act by reference.
3.	FirstRand	4.10	Propose additional consideration be given to concentration risk and to whether a collapse of infrastructure would adversely impact the market and consumers. Considered under Indicator 3, but noting for completeness	Agreed. An additional sub-indicator for concentration risk is added to the table for completeness.
4.	FirstRand	5.1	We propose that the trading venues should be included in the definition of FMI's. In the SA financial market, several trading venues are systemically important due to their central role in price discovery, market liquidity, and financial stability. Their failure or disruption could pose significant risks to the broader financial system, especially in terms of settlement	Agreed. The intention was to indicate that currently MIs include exchanges in terms of the FMA. Therefore, exchanges are included in this paper. However, the Committee on Payments and Market Infrastructures and the Technical Committee of the International Organization of Securities Commissions

No	Reviewer	Draft paper reference	Comment/Issue	Response
			collateral flows and capital market functioning. Recognizing their systemic importance aligns with the objectives of the Financial Sector Regulation Act and supports a more comprehensive and resilient financial stability framework. it is stated that "exchanges will be incorporated in the definition of trading venues and will be removed from the definition of market infrastructures (MIs)." However, earlier in the paper, the term "exchanges" is accompanied by a footnote indicating that "this term may include all trading venues." This creates a circular reference and introduces ambiguity, particularly in the absence of a clear and formal definition of "trading venues." This lack of definitional clarity makes it difficult to assess the implications of the proposed reclassification.	(CPMI-IOSCO) definition of MIs excludes exchanges and it was indicated in the *Financial Markets Review* that this approach will be followed in South Africa when the FMA is amended. The FMA does not currently include trading venues; however, given the *Financial Markets Review*, it was important to position trading venues. The circular reference is noted and amended: "National Treasury has signalled in the *Financial Markets Review* (Final Report, 2020) that this position will be amended: exchanges will be excluded from the definition of MIs and a definition of trading venues will be introduced."
5.	FirstRand	5.4.2.3, 5.4.3.2, 5.4.4.2, 5.4.5.3	In the sub-indicator tables, it is not clear what the difference is between a CCP and a clearing house. Footnote 6 notes that the Financial Markets Act 19 of 2012 defines both. However, the Act only defines a "clearing house" and the definition of "market infrastructure" under section 1 also only includes: a licensed central securities depository, a licensed clearing house, a licenced exchange, and a licenced trade repository. Some of the tables have different indicators for these 2 categories. So, if they are indeed different in legal form, we request further clarity of how it is defined.	Both CCP and clearing house are defined in section 1 of the Act: **"central counterparty"** means a clearing house that– (a) interposes itself between counterparties to transactions in securities, becoming the buyer to every seller and the seller to every buyer and thereby ensuring the performance of open contracts; and (b) becomes a counterparty to trades with market participants through novation,

No	Reviewer	Draft paper reference	Comment/Issue	Response
				an open offer system or through a legally binding agreement; And **“clearing house”** means a person who constitutes, maintains and provides an infrastructure to clear transactions in securities.
6.	JSE	5.4.2.3 i. Table	The second sub-indicator of size in respect of a clearing house is a duplication of the first. We recommend that, in respect of a CCP and a clearing house, the sub-indicators of size should be: • Total value of securities cleared; and • Total number of trades cleared.	Agreed and amended.
7.	JSE	5.4.3.1 i. Table	We believe that interoperability between MIs/ exchanges should be considered as a sub-indicator for interconnectedness and not a sub-indicator for substitutability. Specifically, an appropriate sub-indicator of interconnectedness is interoperable arrangements between entities, particularly where one of the entities is unable to function or operate as a MI/ exchange if the other entity fails. In addition, a clear distinction should be made between the appointment of an MI to clear, settle or provide custodial services for transactions executed on an exchange, cooperation agreements, and true interoperability arrangements between MIs, as we believe these concepts have been incorrectly conflated in draft conduct standards dealing with interoperability between MIs. This clarity can be achieved by stating what ‘interoperability	This has been added as a sub-indicator.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			arrangements' means in the context of SIFI designation indicators.	
8.	JSE	5.4.3.1 i. Table	In respect of a CCP, it is unclear how the notional amount of open derivative positions held relates to interconnectedness. If there is a sound reason for inclusion of this metric, it is unclear why it is also not included as a sub-indicator for a clearing house. In addition, a CCP may not only clear derivative instruments but may also clear other securities, such as bonds and equities. It is also unclear why total margin held is an indicator of interconnectedness. And again, if there is a sound reason for inclusion of this metric, it is unclear why it is not also included as a sub-indicator for a clearing house.	The sub-indicators have been updated.
9.	JSE	5.4.3.2 i. Table	In respect of an exchange, we do not understand why the volume of trades executed is an indicator of interconnectedness. We recommend that this sub-indicator be deleted. We believe that the number of authorised users of an exchange is also not an indicator of interconnectedness. However, the number of common authorised users of two exchanges is a more appropriate indicator of interconnectedness.	Agreed. The volume of trades executed is not in itself an indicator of interconnectedness. Trading volumes can indicate both size and interconnectedness. Trade volumes can be an indicator of interconnectedness insofar as it relates to concentration risk. The paper has been amended to reflect this. Similarly, the number of authorised users sub-indicator has been amended in line with the comment.
10.	Mastercard SA (Pty) Ltd	5.4.2	We note that the size of a payment system is assessed to determine to designate a payment system, MI or exchange as systemically important. Mastercard is a retail payment system that processes low-value transactions. It is not the sole provider of retail payments in South Africa.	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			Mastercard's volumes are a fraction of the volume processed by large value payment systems such as SARB RTGS. Unlike SARB RTGS, Mastercard is generally not sufficiently large, dominant or interconnected in a way that would cause financial shocks within South Africa. The failure of a retail-focused system is unlikely to trigger a loss of confidence in the broader financial system or economy. Moreover, our proven operational resilience, including 99.99% uptime, robust disaster recovery, and real-time monitoring, significantly reduces the likelihood of failure. Impact potential must be assessed in context—not just by volume, but by function and risk profile. In 2024, our payment system processed a small fraction share of transaction which would not equate to systemic risk. It is important to note that our infrastructure is designed with robust risk mitigation mechanisms, including real-time fraud detection, multi-layered cybersecurity protocols, and full redundancy across data centers. These measures ensure that even in the event of a disruption, the broader financial system remains insulated from contagion effects. Therefore, the size indicator should be weighed alongside the system's proven resilience and risk controls. As the SARB is aware, the Bank for International Settlements (BIS), in the Principles for Financial Market Infrastructures (PFMI), has defined Large Value Payment Systems (LVPS) as Financial Market Infrastructures that generally handle large-value, high priority payments where the transaction	

No	Reviewer	Draft paper reference	Comment/Issue	Response
			counterparties are financial institutions, i.e., other financial intermediaries. LVPS generally do not operate in a competitive environment and, accordingly, there is often no substitute for an LVPS. The failure of an LVPS may send shockwaves through a country's financial system. Therefore, the BIS determined that LVPS are presumed to be systemically important. In contrast, the BIS does not presume low-value retail payment systems (LVRPS) like Mastercard to be systemically or prominently important. This is based on the characteristics of an LVRPS since their transactions involve relatively low-value payments in such forms as cheques, credit transfers, direct debits and card payment transactions, initiated by individual consumers operating in a highly competitive environment, therefore bearing no resemblance to an LVPS. Any disruption or failure would not pose systemic risk on the ecosystem.	
11.	Mastercard	5.4.3	We note that Paragraph 5.4.3 of the discussion paper indicates that the connection or link between payment systems and other participants' exposure could cause distress to the rest of the financial system. Although Mastercard is connected to other participants, a disruption in its system would not result in immediate gridlock or standstill as other payment card systems and other alternatives such as cash would continue to function. Consequently, due to Mastercard's operations in South Africa, a major disruption or failure would not pose systemic risk and therefore, it is not deemed systemically	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			important. As previously indicated, Mastercard does not possess the size, dominance or interconnectedness necessary to cause financial shocks domestically or internationally like the SARB RTGS. We note that the sub-indicators for the payment systems are relatively low for Mastercard compared to other payments systems such as BankservAfrica. The number of other MIs and payment systems that Mastercard interfaces with, and Mastercard's exposure to other financial institutions are relatively low. It is important to note that Mastercard is generally not interconnected in a way that would cause financial distress or shocks domestically or internationally.	
12.	Mastercard	5.4.4	We note that Paragraph 5.4.4 of the discussion paper provides that the lower the substitutability of an MI, exchange or payment system, the more systemically important it becomes, especially if it is the only MI, exchange or payment system providing the functions, and if the functions it performs are deemed to be critical to the functioning of the wider economy. Our services are not irreplaceable. The South African payments ecosystem is highly interoperable, with multiple providers offering similar services. In the event of a disruption, transactions can be rerouted through alternative channels with minimal systemic impact. This high degree of substitutability reduces the risk of our system being a single point of failure, which is a key criterion in determining systemic importance.	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			Mastercard acknowledges the general decline of cash usage. However, technological innovation and increased competition have significantly transformed the payments landscape in South Africa. Cash is still available as a payment method and even where consumers and businesses have moved to digital payments, cash has not been completely substituted with payment cards by consumers and businesses in South Africa. An increasing number of viable substitutes for payment cards and cash currently exist in the South African market and are growing over time such as, account based real-time payments, QR and wallet payments, closed loop buy now pay later, and gift cards. While payment cards (regardless of network) may represent a large portion of total payment transactions, however the values and volumes of transactions processed by a payment card network cannot be compared solely to payment card transactions because consumers and businesses have many other means of electronic and physical payments. Accordingly, the disruption of Mastercard's systems would not cause a financial system to destabilise or result in the loss of confidence in the financial system if the result of such disruption would simply be inconvenience to the end users or businesses, who have access to alternative or substitute modes of payment.	
13.	FirstRand	5.4.4.2	We propose adding another indicator that refers to the type of products covered. We may very well have 6 CCPs (which optically would seem to lessen the	Agreed and added to the paper. (And amended to be services, not products.)

No	Reviewer	Draft paper reference	Comment/Issue	Response
			systemic risk, but if they all provide only one product that each of the others don't (e.g. equities vs bonds vs interest derivatives vs commodities vs FX vs credit default swaps) then the systemic importance of each of those CCPs is in fact heightened.	
14.	JSE	5.4.4.2 i. Table	We refer to our comment in respect of paragraph 5.4.3.1 which recommends that interoperability should be an indicator of interconnectedness and not substitutability. We recommend that all references to 'interoperability arrangements' be deleted from this Table.	Agreed and amended accordingly.
15.	JSE	5.4.4.2 i. Table	The fact that there may be more than one licensed CCP/ clearing house/exchange in operation does not imply that the functions performed by a licensed CCP/ clearing house/exchange can be substituted and performed by another. We recommend that the following more nuanced sub-indicators be used: In respect of a CCP and clearing house – Number of licensed CCPs/clearing houses that clear the same securities and have common clearing members. In respect of an exchange – Number of licensed exchanges that facilitate trading in the same securities and have common authorised users.	Agreed and amended accordingly.
16.	Mastercard	5.4.5	We note that Paragraph 5.4.5 of the discussion paper provides that the greater a payment system's complexity, the more difficult it becomes to resolve it in failure, and the disruption to the financial sector could therefore be more severe. The higher the volume and value of a payment system's cross-	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			jurisdictional functions offered, the greater the spillover effects will be. Our platform primarily facilitates low-risk, retail-level transactions rather than high-value interbank settlements or critical financial market infrastructure. As such, the potential for systemic disruption is limited. Designation should therefore reflect the nature of the service, not just its scale. In respect of the complexity sub-indicators, it is important to note that although Mastercard is a global company, the investment of payment infrastructure in South Africa has fully localised our business and operations within the market. The infrastructure solely serves the South African market and is not subject to the supervision or regulation of foreign regulators.	
17.	JSE	5.4.5.1	We agree that the systemic impact of an MI, exchange or payment system's failure is influenced by the complexity of its business model, organisational and group structure, as well as its operating model. However, all the sub-indicators set out in the Table (5.4.5.3 i.) relate exclusively to global activities and not to any other aspects of complexity. We recommend that consideration be given to the complexity that is introduced by the performance of more than one licensed function or duty by an MI or exchange (as set out in sections 10, 30, 50 and 57 of the FMA) or by a payment system.	Agreed and added.
18.	JSE	5.4.5.2	We refer to our general comment 2, which relates to the ability of the SARB to designate an external CCP	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			that operates in South Africa as systemically important and coordinate the resolution of that external CCP, particularly if that external CCP has been exempted from the requirement to be licensed as an external CCP.	
19.	JSE	5.4.5.3 i. Table	In respect of an exchange, we do not believe that the binary question "Does the exchange allow dual listings?" is an appropriate sub-indicator to establish the complexity and global activity of an exchange. It is unclear whether it is intended that the term 'dual listings' means securities that are listed on a licensed exchange and on an external exchange, or means securities listed on two or more licensed exchanges in South Africa. If the former meaning is intended, it should be clarified. And if the latter meaning is intended, it should be addressed under the substitutability sub-indicators per our comment in respect of paragraph 5.4.4.2, or under the interconnectedness sub-indicators per our comment in respect of paragraph 5.4.3.1.	The intention is to capture both. The paper has been amended to reflect both.
20.	FirstRand	7.1	Proposed amending this clause 7.1. to: "The FSB's Key Attributes of Effective Resolution Regimes do not specify the need for the public disclosure of entities that have been identified as systemically important. However, they do provide that the rules on public disclosure should be clear. In line with this, the proposed approach to the designation of MIs, exchanges and payment systems as systemically important is published for public consultation. After the public consultation and any proposed amendments and comments, the Governor intends to publish the designation and revocation of	The comment has been addressed in the paper.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			a designation of a market infrastructure, exchange, or payment system as systemically important."	
21.	FirstRand	General comment	Section 7.1 of the discussion paper outlines the SARB's intention to publicly disclose the list of entities designated as systemically important. It also notes that any removal from the list will likewise be published. We understand that SARB's 2019 paper titled "A methodology to determine which banks are systemically important within the South African context" references a requirement under the Financial Sector Regulation Act (FSR Act) to publish the list of systemically important banks. However, we were unable to locate a specific provision in the Act that mandates such publication. We do not currently, however, foresee any objections to the public disclosure of this list.	The empowering provision is section 29(7) of the FSR Act in respect of designation of SIFIs. However, in respect of payments system operators, section 29B is silent regarding the publication of designation and revocation; however, this power is implied and is also drawn from functions and objectives, which is maintaining financial stability and public interest.
22.	FirstRand	General comment	Interconnectedness is rightly identified as a key determinant of systemic importance for MIs, exchanges, and payment systems. Given the proposed changes to South Africa's payments infrastructure—where banks will potentially serve as the holders of the "store of value"—banks will inherently become interconnected with all payment infrastructures that facilitate value transfer outside of traditional bank accounts. This structural shift implies that institutions such as FRB may not only be systemically important as banks, but also as market infrastructures and exchanges, due to their central role in enabling and securing value flows across the financial ecosystem.	Banks are participants and the shift does not imply that due to their role they could now be classified as exchanges or MIs. Kindly refer to sections 1, 7, 8, 9 and 10 of the FMA with regard to the definition of MIs and exchanges against the Banks Act 94 of 1990 and what constitute a bank.

No	Reviewer	Draft paper reference	Comment/Issue	Response
23.	FirstRand	General comment	The same logic applies to the complexity and quantitative indicators of systemic importance. Banks will need to be integrated with all emerging payment service providers, as they remain the custodians of the underlying store of value. This integration is essential for the functioning of non-bank payment channels and cannot be achieved without deep interoperability with the banking sector. We therefore recommend that the discussion paper provide greater clarity on the definitions and classifications of trading venues and exchanges, and consider the implications of systemic interconnectedness and complexity in the evolving payments landscape.	Comment noted. Please note the paper seeks to provide the approach to designation and not to amend existing law. Please note there is currently a review of the FMA underway, with a view to add or amend definitions and classifications of trading venues and exchanges.
24.	FirstRand	General comment	We propose that messaging networks—specifically SWIFT—be considered for designation as systemically important, or alternatively, be formally recognized under a new category such as “Critical Service Providers to FMIs.” Currently, all major Financial Market Infrastructures (FMIs) in South Africa—including SAMOS, Strate, JSE Clear, and various international payment and settlement systems—rely on SWIFT for the secure transmission of payment instructions, confirmations, and trade-related messages. This dependency creates a single point of operational and cyber risk across the financial system. Given this central role, any disruption to SWIFT’s services could have significant implications for the continuity and stability of settlement and payment processes. Recognizing SWIFT as a critical service	Comment noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			provider would align with international best practices under the PFMI framework, which encourages authorities to identify and manage risks arising from third-party dependencies that are integral to the functioning of FMIs. We recommend that the SARB consider establishing a formal classification for such entities and outline appropriate oversight mechanisms to ensure their operational resilience and alignment with the broader financial stability objectives.	
25.	FirstRand	General comment	We recommend that the resilience and risk management requirements applicable to entities designated as systemically important be harmonized across the financial ecosystem. Currently, banks are subject to robust risk management frameworks as prescribed by regulatory directives, which are informed by the principles of the Basel Committee on Banking Supervision (BCBS). To ensure the stability and integrity of the national payment system (NPS), the scope of these requirements should be expanded to include all designated systemically important entities—such as market infrastructures, exchanges, and payment systems. This would promote consistency in the implementation of risk controls and operational resilience standards, regardless of entity type. Such alignment is essential to mitigate systemic risk, foster financial stability, and ensure that all critical components of the financial system are held to equivalent standards of oversight and accountability.	Comments noted. Once designated they will be subjected to Chapter 12A of the FSR Act and Prudential Standards aimed at designated institutions will need to be complied with. South Africa aims to implement all relevant international standards into our regulatory frameworks. Therefore, the regulation of banks is in line with the BCBS framework, insurance is according to the International Association of Insurance Supervisors' Insurance Core Principles and Holistic Framework, and payments and market infrastructures adheres to the CPMI-IOSCO and its Principles for Financial Market Infrastructures.

No	Reviewer	Draft paper reference	Comment/Issue	Response
26.	FirstRand	General comment	Entities designated as systemically important may face significantly heightened regulatory expectations, including enhanced reporting, governance, and compliance obligations. We therefore recommend that SARB clearly outline the incremental regulatory requirements that will apply post-designation and assess whether these are proportionate to the risks posed by different types of entities (e.g. exchanges vs. payment systems).	Comment noted. Please see response above.
27.	FirstRand	General comment	Designation may necessitate substantial changes to internal systems, controls, and risk management frameworks—especially for entities not previously subject to such oversight. Suggest that SARB provide implementation guidance and transitional support, particularly for smaller or newly designated entities, to manage the operational impact effectively.	Agreed. Please note some of the Prudential Standards aimed at designated institutions have been issued and are in effect and should there be specific Prudential Standards aimed at MIs, exchanges, trading venues, or payment system operators (PSOs), these will be subject to public consultation as well.
28.	FirstRand	General comment	The discussion paper does not specify clear timelines for when the designation framework will be finalized or when compliance expectations will take effect. Request that SARB publish a phased implementation roadmap, including: • Finalization of the designation criteria • Notification and consultation with affected entities • Transition periods for compliance • Ongoing review and feedback mechanisms	Comment noted. Please note once the designation is finalised it will be published on the SARB website. This process is a consultative process with affected entities.
29.	JSE	General comment	We recognise the importance of the identification of systemically important financial market	The rationale for the inclusion of exchanges and trade repositories is to be found in the

No	Reviewer	Draft paper reference	Comment/Issue	Response
			infrastructures (FMIs) and payments systems, and, in particular, identifying these institutions as systemically important in alignment with the standards and principles set by international standard setting bodies applicable to payment systems and FMIs operating in the post-trade environment. However, there is no international precedence, other than in the US, for the inclusion of an exchange in a framework to determine the systemic importance of a financial institution[1]. We note that in the discussion paper some paragraphs erroneously include exchanges in other jurisdictions' approach to identifying systemically important institutions, FMIs and payment systems. The discussion paper fails to articulate the reason for the anomalous inclusion of exchanges in the framework for identifying systemically important institutions. Consequently, we do not understand why the SARB is considering an approach that is different to the approach adopted in other jurisdictions. Similarly, we do not understand the inclusion of a trade repository in the framework for identifying systemically important institutions. We recommend that the SARB sets out the rationale for the inclusion of exchanges and trade repositories, and the circumstances or events in which these types of institutions may be considered systemically important, which would warrant additional capital or resolution planning requirements.	current South African definition of an MI, which includes trade repositories and exchanges. Exchanges play a crucial role in the broader financial system. Their operations can affect the stability of other institutions through trading activities and price discovery. For example, if a major exchange experiences a disruption, it could lead to increased volatility and potential losses for other financial institutions. Trade repositories are included in the PFMIs and are regarded as systemic in terms of the PFMIs. We note the JSE's view that there is an error in the discussion paper and this has been revisited to ensure accuracy. The JSE's comment seems to be based on the proposed amendments to the FMA, which might amend the definition of an MI to exclude exchanges, trading venues and perhaps also trade repositories. It should further be noted that the SARB does not need to disclose its methodology for determining systemic importance. It may designate an entity as systemic in terms of

No	Reviewer	Draft paper reference	Comment/Issue	Response
				the FSR Act, without disclosing any methodologies or calculations. In the interest of transparency, the SARB chooses to publish its proposed approach to the designation as systemic.
30.	JSE	General comment	The discussion paper notes the approach of certain jurisdictions in respect of foreign FMIs operating in their jurisdictions. However, the discussion paper does not set out the SARB's approach to external market infrastructures operating in South Africa (e.g. external CCP or external TR). The definition of 'market infrastructure' in the Financial Markets Act (FMA) refers to a licensed CCP and a licensed TR, and this language is similarly used in the discussion paper. A 'market infrastructure', therefore, does not include a 'licensed external CCP' or a 'licensed external TR', which are separately defined in the FMA. These foreign FMIs are therefore seemingly not included in the SARB's proposed SIFI framework. Our further concern is that it appears that consideration has not been given to an external CCP that has been exempted from licensing requirements but that may be systemically important in the South African financial market, and may also be designated as systemically important in its own jurisdiction. In these circumstances, the SARB could not designate an exempted external CCP as systemically important and will not have powers to impose enhanced requirements on the external CCP. We recommend that that SARB clarifies and articulates its approach to external market	See comment 11, this is included by reference to the FMA.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			infrastructures, including whether an external market infrastructure that may be systemically important in South Africa should not be exempted from licensing requirements or whether the SARB and the Prudential Authority will defer to the foreign Resolution Authority responsible for that external market infrastructure.	
31.	World Federation of Exchanges	General comment	The WFE agrees that financial stability is a paramount objective for central banks and supervisors. We support proportionate frameworks for identifying entities whose failure could pose a threat to the financial system. However, we caution against conflating operational criticality with systemic financial risk - a distinction that is fundamental to sound regulation. While market infrastructures including exchanges are nationally significant, not all critical institutions transmit systemic risk, which is a concept grounded in a collapse of the credit system, such as what happened in 2008 after the demise of Lehman Brothers. The designation of an exchange as a systemically important financial institution (SIFI) must therefore be grounded in the nature of its risk profile, not simply its size or centrality.	The comment is noted.
32.	World Federation of Exchanges	General comment	**Scope of Application** We respectfully submit that exchanges do not interact with the flow of credit in the financial system in the same manner as CCPs or, in a mechanical way, payment systems. Unlike in the banking sector, we are not aware of an instance in global economic history where an exchange alone has been the root	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			cause of a series of other defaults among financial market participants. As outlined in the WFE's 2023 position paper *Financing the Future"*[1] "Banking regulation rightly attempts to address run risk", but "what is misguided and therefore damaging is to assume that exactly the same type of risk is present in equity capital markets, requiring the same type of rules". Exchanges do not mutualise counterparty exposures, guarantee transactions, or act as principal in settlement. Consequently: • The failure of an exchange would constitute an operational disruption, not a transmission channel for credit or liquidity contagion. • Such events can and have been managed through existing operational resilience, business continuity, and recovery arrangements, without the need for formal resolution or extraordinary intervention. With this in mind, we strongly advocate against the designation of an exchange as "systemic" based on its national significance or lack of substitutability. We note that there has been no global precedent for SIFI designation of an exchange or trade repository (TR). The US Financial Stability Oversight Council (FSOC), for example, has never designated a trading venue as systemically important, despite having the power to do so. Nor has the UK, Australia, the EU, or any other jurisdictions that are of a similar size and market structure of South Africa, where the exchange plays an important, central role, but not a "systemic" one.	

No	Reviewer	Draft paper reference	Comment/Issue	Response
33.	World Federation of Exchanges	General comment	Concerns with the proposed framework The inclusion of exchanges in a systemic designation regime raises several concerns: • The quantitative indicators (e.g. market cap, volume, number of listings) can create perverse incentives for an exchange not to grow, and risk overstating systemic relevance if not contextualised within the institution's actual risk transmission role. • The proposed weighting to size may disproportionately affect exchanges relative to their systemic impact. • Applying SIFI-related capital or resolution planning requirements to exchanges could create significant compliance burdens without corresponding financial stability benefits. We support the SARB's recognition that systemic designation requires the exercise of judgement beyond metrics. However, we urge caution in applying discretionary powers to institutions not traditionally treated as systemic, especially when this is not consistent with international best practice.	The comment is noted.
34.	World Federation of Exchanges	General comment	**International Consistency** With this in mind, we encourage SARB to align its framework with international precedent and the CPMI-IOSCO PFMI, which do not include exchanges within the core definition of financial market infrastructures (FMIs). Exchanges are rightly subject to regulatory oversight, but their inclusion in a systemic designation framework risks blurring global	The comment is noted.

No	Reviewer	Draft paper reference	Comment/Issue	Response
			regulatory categories, making cross-border supervision and equivalence more difficult.	