**NATIONAL ASSEMBLY**

**QUESTION FOR WRITTEN REPLY**

**QUESTION NUMBER:** **742 [NW863E]**

**742. Mr G G Hill-Lewis (DA) to ask the Minister of Finance:**

(1) Whether, in light of the fact that the Financial Sector Regulation Act, Act 9 of 2017, requires the formation of, inter alia, the Financial Sector Inter-Ministerial Council, the Financial System Council of Regulators, Financial Stability Oversight Committee, Financial Sector Contingency Forum, the Financial Services Conduct Authority Executive Committee, the Prudential Authority Oversight Committee, the Ombud Regulatory Council and the Ombud Regulatory Council Board, he will furnish Mr G G Hill-Lewis with the details of the (a) date each body was formed, (b) names of persons serving on each body, (c) dates of meetings of each body since January 2020 and (d) names of the chairperson and deputy chairperson of each body; if not, why not; if so, what are the relevant details;

(2) whether the (a) chairpersons and (b) deputy chairpersons of each specified body were elected and/or appointed in each case; if not, why not; if so, by whom,

(3) whether each specified body has ever met; if not, why not; if so, what were the details on agendas considered and resolutions taken?

NW863E

**REPLY**:

1. The Honourable Member’s question covers a number of different entities and forums operating in the financial sector regulatory system and established in terms of the Financial Sector Regulation Act 9 of 2017, which took effect on 1 April 2018. It is difficult to provide all the detail requested, as the regulators and the ombuds often deal with market-sensitive and confidential information, and may not have the power to even report such information to the Minister. This has also resulted in the delay in answering this question. Many of the entities are not fully-fledged entities listed as entities in terms of the PFMA, and are more like working committees or oversight committees/forums, and their membership is determined in terms of specific official positions rather than particular individuals. Some of the members of the various committees are determined by the positions held by members, be they the Governor, Deputy Governor of the SARB, or the Director-General or Minister of a specific department. However, all these committees or forums are built around the two core regulatory institutions established under the Financial Sector Regulation Act No. 9 of 2017, which are the Prudential Authority and the Financial Sector Conduct Authority, as well as the ombuds and tribunal system.
2. I am not in a position to answer the detailed information requested by the Honourable Member, which in any case is provided via the statutory reports required from the entities in terms of the PFMA and other laws, like the annual reports which are all tabled in Parliament every year. Hence, I will restrict my responses to easily available information, like the name of the chair or deputy chair of such institutions, and not the entire staff of any entity. The Honourable Member is free to engage with each fully-fledged entity after they have submitted their annual and other reports to Parliament, when the relevant portfolio committee convenes a hearing to consider such reports. I will not answer more granular information like the number of meetings held by any committee or organization, as such detailed operational information is generally not part of the statutory reporting system.
3. The Honourable Member should also note that there has been a transitional period for implementing the FSRA, which has also taken longer than initially anticipated, particularly for the new positions and structures created, like the appointment of the Commissioner and the Deputy Commissioners of the FSCA, or the establishment of the Ombud Council. Some of the committees will only begin to function once the transition period is over, which I expect to be by October 2021.

**Financial Sector Conduct Authority**

1. I am happy to confirm that the first Commissioner of the FSCA has been appointed. I appointed Mr Unathi Kamlana as the Commissioner of the FSCA, starting on 1 June 2021. Ms Astrid Ludin was also appointed as a Deputy Commissioner of the FSCA, commencing on the same date. I have just received the second report from the Shortlisting Panel recommending two persons for the vacant Deputy Commissioner positions, and hope to make a final decision on such appointments by early July 2021. The appointment of a further Deputy Commissioner will enable the Minister of Finance to disband the Transitional Management Committee and mark the end of the transition process for the FSCA, and put it firmly under the new permanent leadership. In the meantime, from 1 June 2021 until it is phased out, the new Commissioner is the chair of the Transitional Management Committee in line with the provisions of section 66(4)(a) of the FSRA. More details on the FSCA are available in its annual reports, as tabled in 2020.

1. The FSCA Executive Committee is a committee of the FSCA, comprising the Commissioner and Deputy Commissioners of FSCA, established in terms of section 60 of the FSRA. During the transition, whilst there was no Commissioner and Deputy Commissioners appointed, the Transitional Management Committee (TMC) served, in terms of the Financial Sector Regulations, as the Executive Committee. Those who have acted as Chairs of the TMC include Mr Abel Sithole, Adv Dube Tshidi, Mr Olano Makhubela and Ms Katherine Gibson. I have been informed by the FSCA that the Executive Committee (i.e. the TMC) has generally been meeting at least twice monthly.

**PRUDENTIAL AUTHORITY**

1. With regard to the Prudential Authority (PA), it is an entity that resides within the SA Reserve Bank, and its CEO is one of the Deputy Governors of the SARB in terms of section 36(1) of the FSRA. Deputy Governor Kuben Naidoo has been its CEO from the date it was established on 1 April 2018. The Prudential Authority Oversight Committee, which oversees the PA, is established in terms of section 41 (2) of the FSR Act, and comprises of:

(i) Governor of the South African Reserve Bank, who is the Chairperson;

(ii) CEO of the Prudential Authority, who is one of the Deputy Governors; and

(iii) All the other Deputy Governors of the South African Reserve Bank

1. The current chair of the Prudential Committee is thus Mr Lesetja Kganyago (as the Governor of the SA Reserve Bank), and its other members are the other Deputy Governors (Dr Rashad Cassim, Ms Fundi Tshazibana and Mr Kuben Naidoo). The Prudential Committee informed me that it held its first meeting on 16 April 2018.

**OMBUD COUNCIL AND OMBUD COUNCIL BOARD**

1. The Ombud Council was established in terms of section 175 of the FSRA. This section took effect on 1 November 2020. In terms of section 179 of the FSRA, the Board of the Ombud Council is comprised of:
2. The Chief Ombud;
3. The Commissioner of the FSCA;
4. 4-6 members appointed by the Minister of Finance.
5. The Minister appointed the Chair and Deputy Chair and 4 other members to the Board for a three-year term, commencing on 1 November 2020, in terms of section 180 of the FSRA, as follows:
6. Ms Deanne Wood (Chair);
7. Ms Dikeledi Chabedi (Deputy Chairperson);
8. Mr Emmanuel Lekgau;
9. Ms Silindile Kubheka;
10. Mr Adam Horowitz; and
11. Ms Charmaine Soobramoney.
12. The Board could only be properly constituted once the Chief Ombud was appointed, which was done on 2 May 2021, when I appointed Ms Eileen Meyer as the Acting Chief Ombud for a term of one year, starting 2 May 2021, in terms of section 188(1) of the FSRA (refer to attached media statement dated 24 May 2021). The Ombud Council Board is thus properly constituted, and held its first meeting on 26 May 2021.
13. The Chief Ombud will establish and operationalise the Office of the Ombud Council. As such, the Ombud Council currently does not have an executive committee, and thus has not held any meetings.

**FINANCIAL SERVICES TRIBUNAL**

1. The Financial Services Tribunal was established in terms of section 219 of the FSRA. It commenced its operations on 1 April 2018. In terms of section 220(1) of the FSRA, the Financial Services Tribunal comprises as many members as the Minister determines. Currently, the Financial Services Tribunal has 20 members. The current Chairperson of the Tribunal is Justice Yvonne Mokgoro, and the current Deputy Chairperson of the Tribunal is Judge Louis Harmse.
2. Whenever there is a case, panels of the Tribunal (usually consisting of 3 members) convene to hear and adjudicate on the case.
3. The rest of the organisations/entities named by the Honourable Member are not self-standing entities regulated or listed in terms of the PFMA, but rather are merely committees or forums, designed to either co-ordinate activities between regulators and/or departments or to exercise oversight.

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| **Structure** | **(a) Date formed** | **(b) Names of persons serving on each structure** | **(c) Dates of meetings of each body since January 2020** | **(d) Names of Chairperson and Deputy Chairperson** |
| **Financial Sector Inter-Ministerial Council** | No meetings have been convened as yet, as Section 83 of the Financial Sector Regulation Act is not yet in operation. This structure will only be convened as and when deemed necessary by the Minister of Finance. | Sections 83 and 84 of the FSRA determines that the following Ministers will serve on this Council:   1. Minister of Finance (chair); 2. Minister of Trade and Industry (for consumer protection, consumer credit and economic development); and 3. Minister of Health. | N/A | Minister of Finance, Mr Tito Mboweni  Deputy Chairperson - none |
| **Financial System Council of Regulators** | 13 June 2019 | This is an advisory body established in terms section 79 of the FSR Act, and its members are as follows:  (i) Chair: Director-General – National Treasury;  (ii) Director-General – Department of Trade, Industry and Competition;  (iii) Director-General – Department of Health;  (iv) CEO – Prudential Authority;  (v) Commissioner – Financial Sector Conduct Authority;  (vi) CEO – National Credit Regulator;  (vii) Registrar and CEO – Council for Medical Schemes;  (viii) Director – Financial Intelligence Centre;  (ix) Commissioner – National Consumer Commission;  (x) Commissioner – National Consumer Commission;  (xi) Deputy Governor responsible for financial stability matters – South African Reserve Bank. | 22 January 2020 | Chairperson – Dondo Mogajane  Deputy Chairperson – None |
| **Financial Stability Oversight Committee** | 9 March 2018 | In terms of section 22 (1) of the FSR Act, the Financial Stability Oversight Committee consists of the following members:    (i) Chair: Governor – South African Reserve Bank);  (ii) Deputy Governor for Financial Stability matters – South African Reserve Bank);  (iii) CEO – Prudential Authority;  (iv) Commissioner – Financial Sector Conduct Authority;  (v) CEO – National Credit Regulator;  (vi) Director-General – National Treasury;  (vii) Director – Financial Intelligence Centre;  (viii) Head: National Payment System Department – South African Reserve Bank;  (ix) Head: Financial Stability Department ­– South African Reserve Bank; and  (x) Head: Financial Surveillance Department. | 31 March 2020 and 04 September 2020 | Chairperson – Lesetja Kganyago  Deputy Chairperson – Rashad Cassim |
| **Financial Sector Contingency Forum** | Forum to assist the FSOC, and launched as a statutory forum on 1 April 2018 (as it was originally set up as an advisory structure in 2008, following the global financial crisis) | Section 25 of the FSR Act empowers the Governor of the SARB to establish this forum to assist the Financial Stability Oversight Committee (FSOC). It consists of the following members:  (i) the 3 Deputy Governors of the South African Reserve Bank;  (ii) a representative of the Financial Sector Conduct Authority;  (iii) a representative of the Financial Intelligence Centre;  (iv) a representative of the National Treasury;  (v) a representative of the Banking Association South Africa;  (vi) a representative of the South African Insurance Association;  (vii) a representative of the Johannesburg Stock Exchange;  (viii) a representative of the Payments Association of South Africa;  (viii) a representative of Bankserv;  (ix) a representative of Strate Ltd;  (x) a representative of the Association for Savings and Investment South Africa;  (xi) a representative of the National Disaster Management Centre;  (xii) a representative of the South African Bank Risk Information Centre. | This forum meets twice a year | Chairperson – Rashad Cassim  Deputy Chairperson – None |

1. Where there is a Chair or Deputy Chair for any structure above, they are all appointed in terms of legislation, or by the Minister of Finance or Governor of the SA Reserve Bank, depending on the FSRA. No Chair or Deputy Chair is elected to such position.

1. As noted above, the only structure that has not been established as yet is the Financial Sector Inter-Ministerial Council, which will only be convened as and when deemed necessary, as it is an advisory structure. Further, section 83 has not taken effect as yet. More importantly, the underlying technical structure, the Financial System Council of Regulators, has been established, and has started meeting. Note that the aim of these two structures is to co-ordinate with related regulatory structures like the National Credit Regulator and the Council for Medical Schemes, which also regulate financial products, but report to different Ministers.
2. It should be noted that the agendas of many of these structures tend to be market-sensitive, and care needs to be taken not to make them public until appropriate steps are taken to present more comprehensive reports via public announcements by the regulators. Neither is the Minister involved with many of these structures. The regulators and entities will report to Parliament at least annually, and deal with the key issues, including on their performance.