

FSCA COMMUNICATION 14 OF 2024 (FM)

Publication of draft Conduct Standard [-] of 2024 (FM) – Requirements for market infrastructures

1. PURPOSE

The purpose of this Communication is to inform stakeholders that the Financial Sector Conduct Authority (FSCA) today published the following documents for public consultation:

- (a) Draft Conduct Standard [-] of 2024 (FM) – Requirements for market infrastructures (Conduct Standard); and
- (b) Supporting draft Statement of need, expected impact and intended operation of the draft Conduct Standard (Statement).

2. BACKGROUND

- 2.1. In May 2020, the FSCA published the first iteration of the draft Conduct Standard (then titled draft Conduct Standard for Exchanges). The 2020 draft applied exclusively to exchanges with common authorised users and was developed in response to increased competition in the South African financial markets sector, owing to the introduction of a multiple exchange environment.
- 2.2. Following the first round of formal consultation and after further consideration, the FSCA elected to expand the scope of the draft Conduct Standard to apply to other types of market infrastructures. The scope of the draft under consideration is thus broader when compared to the previous draft Conduct Standard, encapsulating various requirements applicable to all market infrastructures licensed under the Financial Markets Act, 2012 (Act No. 19 of 2012) (FMA).
- 2.3. The draft Conduct Standard is holistically directed at the effects of market fragmentation. The aim of the draft Conduct Standard is to set out the requirements for the conduct of market infrastructures in relation to each other and in relation to market participants, as defined in the draft Conduct Standard, in order to ensure the orderly functioning, fairness, efficiency and transparency of markets.
- 2.4. The draft Conduct Standard is also aimed at pre-empting risks that are associated with a market environment with multiple market infrastructures dealing with the same authorised users, or commonly listed securities. The outcomes expected from the making of this draft Conduct Standard is to set a regulatory framework directed at these risks and to place obligations on financial market infrastructures regarding interoperability and co-operation. Full details surrounding the need for, expected impact and intended operation of the draft Conduct Standard is set out in the Statement.

3. INVITATION TO COMMENT ON DRAFT CONDUCT STANDARD

- 3.1. The draft Conduct Standard is to be made in terms of section 74 of the FMA and section 106(1)(a) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) read with sections 106(2)(a), 106(3)(a) and 108 of the FSR Act and Chapter VIII of the FMA.
- 3.2. Interested parties are invited to submit written comments on the draft Conduct Standard using the comments template published alongside the draft Conduct Standard by 23 May 2024 to FSCA.RFDStandards@fsca.co.za.

4. AVAILABILITY OF INFORMATION AND ENQUIRIES

- 4.1. The documents referred to in paragraph 1 are available on the FSCA website at www.fsca.co.za.
- 4.2. For more information regarding the draft Conduct Standard or this Communication, please contact Talita.Mshweshwe@fsca.co.za in the Regulatory Frameworks Department of the FSCA.



Unathi Kamlana
Commissioner
FINANCIAL SECTOR CONDUCT AUTHORITY

DATE: 9 April 2024