

FSCA COMMUNICATION 26 OF 2024 (FM)

Publication of a Discussion Document on Financial Benchmarks: Determination of an index and thresholds for critical and significant benchmarks

1. PURPOSE

The purpose of this communication is to inform stakeholders that the Financial Sector Conduct Authority (FSCA) today published a Discussion Document on the *Determination of index and thresholds for critical and significant benchmarks* (Discussion Document), to publicly consult on –

- (a) the proposed determination of an “index” in terms of the Financial Sector Regulations Act, 2017 (Act No. 9 of 2017) (FSR Act); and
- (b) the proposed thresholds for critical benchmarks and significant benchmarks, as enabled through the Draft Conduct Standard – Requirements relating to the provision of a benchmark (under development).

2. BACKGROUND

- 2.1 Since 2019, work has been underway to develop a suitable regulatory framework for the regulation and supervision of financial benchmarks. The development encompasses a number of projects aimed at ensuring a structured, methodical and coherent approach to ultimately regulating and supervising activities related to the provision of a benchmark, as defined in the FSR Act.
- 2.2 In this regard the FSCA, on 2 November 2023, published a discussion document on *The development of a framework for the regulation and supervision of financial benchmarks* (2023 Discussion Document)¹, which included a voluntary questionnaire. The intention of the 2023 Discussion Document was to update stakeholders on the status of the regulatory developments related to financial benchmarks in South Africa, and to gather information on the usage and practices in relation to indices and benchmarks by financial institutions and non-regulated entities within the South African landscape.
- 2.3 The 2023 Discussion Document alluded to various regulatory developments in progress, including the development of a licensing framework for benchmark administrators, and the proposed approach to categorisation of benchmarks for purposes of the draft Conduct Standard. Findings from the analysis of responses to the questionnaire assisted in shaping the two draft determinations, as is being consulted on in the Discussion Document published herewith.

3. INVITATION TO COMMENT AND ENQUIRIES

- 3.1 Interested parties are invited to submit comments on the proposals as set out in the Discussion Document, and the annexures thereto by using the comment template published

¹ Available at: https://www.fsc.co.za/Regulatory%20Frameworks/Documents%20for%20Consultation/Discussion%20Document-Development%20of%20framework%20for%20regulation_supervision%20of%20financial%20benchmarks.zip

with the documents on the FSCA's website. Comments must be submitted via email in Word format to the FSCA at FSCA.RFDstandards@fsca.co.za by **10 September 2024**.

- 3.2 For further information regarding this Communication or the documents published therewith, please contact Roslynne van Wyk at FSCA.RFDStandards@fsca.co.za



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