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Market behaviour – financial services

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In this update, we note applications being made for exemption from regulatory provisions and the introduction of an innovation hub designed to boost fintech.

1. **Applications for exemptions**

In light of the current pandemic, certain regulated entities have applied for exemptions from their obligations under financial sector regulations.

4 Africa Exchange Proprietary Limited has, for example, applied to the Financial Sector Conduct Authority ("**FSCA**")[1] for an amendment of the terms and conditions subject to which its licence was granted so that it can change its operational business address.

Fitch Ratings Limited has also applied to be exempted from compliance with section 3(2) of the Credit Rating Services Act[2] which provides that credit rating services may only be performed by a registered credit rating agency. This exemption would apply for a period of two years. Certain regulated persons have also been exempt from compliance with section 4(1) of the CRSA which governs the use of credit ratings.

2. **Innovation hub**

The Intergovernmental Fintech Working Group ("**IFWG**") launched the IFWG Innovation Hub on 7 April 2020 to respond to changes within the financial sector caused by the impact of financial technology. The IFWG Innovation Hub is aimed at innovations that complement the core mandates of regulators and will provide assistance to innovators in the financial technology space. It provides, amongst other things, for enhanced communication between industry and the regulator.

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[1] In terms of section 9(4) of the Financial Markets Act 19 of 2012.

[2] Section 3(2) of the Credit Rating Services Act 24 of 2012.



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