

REPUBLIC OF SOUTH AFRICA

FINANCIAL SECTOR AND DEPOSIT INSURANCE LEVIES BILL

*(As introduced in the National Assembly (proposed section 77); explanatory summary of Bill and
prior notice of its introduction published in Government Gazette No. 45791 of 20 January 2022)*
(The English text is the official text of the Bill)

(MINISTER OF FINANCE)

[B 3—2022]

ISBN 978-1-4850-0770-8

No. of copies printed 150

BILL

To provide for the imposition of financial sector levies on supervised entities; to provide for the imposition of a deposit insurance levy; to provide for exemption from such levies under certain circumstances; to provide for the allocation of amounts levied to financial sector bodies; and to provide for matters connected therewith.

PREAMBLE

SINCE the Republic, in order to achieve a stable financial system that works in the interests of financial customers and that supports balanced and sustainable economic growth in the Republic, has enacted legislation to establish a regulatory and supervisory framework that promotes—

- (a) financial stability;
- (b) the safety and soundness of financial institutions;
- (c) the fair treatment and protection of financial customers;
- (d) the efficiency and integrity of the financial system;
- (e) the prevention of financial crime;
- (f) financial inclusion;
- (g) transformation of the financial sector; and
- (h) confidence in the financial system;

SINCE section 237 of the Financial Sector Regulation Act provides for legislation imposing levies to fund the operations of the financial sector bodies required for the application of that Act;

AND SINCE section 166BC of the Financial Sector Regulation Act provides for the Corporation for Deposit Insurance, established in terms of section 166AE of that Act, to charge members of the Corporation a deposit insurance levy in accordance with legislation that empowers the administration of levies,

BE IT THEREFORE ENACTED by the Parliament of the Republic of South Africa, as follows:—

ARRANGEMENT OF SECTIONS

1. Definitions

Part A

5

Financial sector levy and special levy

2. Imposition of levies
3. Supervised entities subject to financial sector levy
4. Amount and payment of financial sector levy
5. Levy year
6. Levy period
7. Apportionment
8. Special levy

10

Part B**Deposit insurance levy**

9. Deposit insurance levy

Part C**Provisions applicable to all levies**

10. Amendment of Schedules 5
 11. Exemption from levies
 12. Allocation of amounts levied to financial sector bodies
 13. Short title and commencement

SCHEDULE 1 10**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF PRUDENTIAL AUTHORITY****SCHEDULE 2****FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF FINANCIAL SECTOR CONDUCT AUTHORITY 15****SCHEDULE 3****FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF TRIBUNAL****SCHEDULE 4****FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES 20
IN RESPECT OF OMBUD COUNCIL****SCHEDULE 5****FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF STATUTORY OMBUD SCHEMES****SCHEDULE 6 25****DEPOSIT INSURANCE LEVY****Definitions and interpretation**

1. (1) In this Act, unless the context indicates otherwise—
“associated clearing house” means an associated clearing house, as defined in section 1(1) of the Financial Markets Act; 30
“bank” means a bank, as defined in section 1(1) of the Banks Act;
“branch” means a branch, as defined in section 1(1) of the Banks Act;
“central counterparty” means a central counterparty, as defined in section 1(1) of that Act, and includes a licensed clearing house, as defined in section 1(1) of the Financial Markets Act that is approved in terms of section 110 of that Act to perform the 35
 functions of a central counterparty;
“central securities depository” means a central securities depository, as defined in section 1(1) of the Financial Markets Act;
“collective investment scheme in hedge funds” means a collective investment scheme declared to be a collective investment scheme in terms of section 63 of the 40
 Collective Investment Schemes Control Act, 2002 (Act No. 45 of 2002), and administered by a manager registered in terms of that Act;
“collective investment scheme in participation bonds” means a collective investment scheme of a kind referred to in Part VI of the Collective Investment Schemes Control Act, 2002, and administered by a manager registered in terms of that Act; 45
“collective investment scheme in property” means a collective investment scheme of a kind referred to in Part V of the Collective Investment Schemes Control Act, 2002, and administered by a manager registered in terms of that Act;

- “**collective investment scheme in securities**” means a collective investment scheme of a kind referred to in Part IV of the Collective Investment Schemes Control Act, 2002, and administered by a manager registered in terms of that Act;
- “**co-operative bank**” means a co-operative bank, as defined in section 1(1) of the Co-operative Banks Act, 2007 (Act No. 40 of 2007); 5
- “**covered deposit**” means a covered deposit, as defined in section 1(1) of the Financial Sector Regulation Act;
- “**credit rating agency**” means a credit rating agency, as defined in section 1(1) of the Credit Rating Services Act, 2012 (Act No. 24 of 2012);
- “**deposit insurance levy**” means the levy imposed under section 9(1); 10
- “**exchange**” means an exchange, as defined in section 1(1) of the Financial Markets Act;
- “**Financial Markets Act**” means the Financial Markets Act, 2012 (Act No. 19 of 2012);
- “**financial sector levy**” means the levy imposed under section 2(1); 15
- “**Financial Sector Regulation Act**” means the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017);
- “**financial services provider**” means a financial services provider, as defined in section 1(1) of the Financial Advisory and Intermediary Services Act, 2002 (Act No. 37 of 2002), and a reference to a specific category of financial services provider means the category determined in terms of section 6A of that Act; 20
- “**foreign collective investment scheme**” means a collective investment scheme of the type referred to in Part VIII of the Collective Investment Schemes Control Act, 2002;
- “**independent clearing house**” means an independent clearing house, as defined in section 1(1) of the Financial Markets Act; 25
- “**Insurance Act**” means the Insurance Act, 2017 (Act No. 18 of 2017);
- “**insurer**” means an insurer as defined in section 1(1) of the Insurance Act;
- “**levy period**” means the period stipulated in section 6;
- “**levy year**” means the period stipulated in section 5;
- “**life insurer**” means an insurer conducting life insurance business, as defined in section 1(1) of the Insurance Act; 30
- “**Lloyd’s**” means the association of persons generally known as Lloyd’s, which is incorporated by the Lloyd’s Act of 1871 (34 Vict. C21), passed by the Parliament of the United Kingdom of Great Britain and Northern Ireland;
- “**member**” means a member of the Corporation, in accordance with section 166AG of the Financial Sector Regulation Act; 35
- “**microinsurer**” means an insurer conducting microinsurance business, as defined in section 1(1) of the Insurance Act;
- “**mutual bank**” means a mutual bank, as defined in section 1(1) of the Mutual Banks Act, 1993 (Act No. 124 of 1993); 40
- “**non-life insurer**” means an insurer conducting non-life insurance business, as defined in section 1(1) of the Insurance Act;
- “**occupational fund**” means a fund, as defined in section 1(1) of the Pension Funds Act, 1956 (Act No. 24 of 1956), and established by an employer, as defined in section 1(1) of that Act, for the benefit of its employees; 45
- “**Office of the Ombud for Financial Services Providers**” means the Office established in terms of section 20(1) of the Financial Advisory and Intermediary Services Act, 2002;
- “**Office of the Pension Funds Adjudicator**” means the Office established in terms of section 30B of the Pension Funds Act, 1956; 50
- “**over-the-counter derivative provider**” means an over-the-counter derivative provider declared by the Minister as a regulated person in terms of section 5(1)(b) of the Financial Markets Act;
- “**pension fund**” means a pension fund organisation, as defined in section 1(1) of the Pension Funds Act, 1956; 55
- “**pension fund administrator**” means an administrator, as defined in section 1(1) of the Pension Funds Act, 1956;
- “**pension preservation fund**” means a pension preservation fund, as defined in section 1(1) of the Pension Funds Act, 1956;
- “**provident preservation fund**” means a provident preservation fund, as defined in section 1(1) of the Pension Funds Act, 1956; 60
- “**reinsurer**” means a reinsurer, as defined in section 1(1) of the Insurance Act;

“**representative**” means a representative, as defined in section 1(1) of the Financial Advisory and Intermediary Services Act, 2002;

“**retirement annuity fund**” means a retirement annuity fund, as defined in section 1(1) of the Pension Funds Act, 1956;

“**Road Accident Fund**” means the fund established by section 2(1) of the Road Accident Fund Act, 1996 (Act No. 56 of 1996);

“**special levy**” means the levy imposed under section 2(2);

“**supervised entity**” means a financial institution envisaged in paragraph (a) of the definition of “supervised entity” in section 1(1) of the Financial Sector Regulation Act; and

“**trade repository**” means a trade repository, as defined in section 1(1) of the Financial Markets Act.

(2) Unless the context indicates otherwise, words and expressions not defined in subsection (1) and that have been defined in the Financial Sector Regulation Act have the meaning ascribed to them in that Act.

(3) The Schedules to this Act apply in relation to the supervised entities that are specified in item 1 of each Schedule.

Part A

Financial sector levy and special levy

Imposition of levies 20

2. (1) A levy, known as the financial sector levy, must be charged and paid in accordance with section 3.

(2) In addition to the financial sector levy imposed under subsection (1), a special levy must be charged and paid in accordance with section 8.

Supervised entities subject to financial sector levy 25

3. A supervised entity is liable to pay the financial sector levy in an amount determined in terms of section 4, in respect of each levy year or levy period, in relation to that supervised entity.

Amount and payment of financial sector levy

4. (1) (a) The financial sector levy payable by a supervised entity to the Financial Sector Conduct Authority, as contemplated in section 237(3A)(a) of the Financial Sector Regulation Act, read with section 246(2)(a) of that Act, in respect of a levy year or levy period, is an amount equal to the sum of the amounts specified in or calculated in accordance with Schedules 2 to 5, in relation to that supervised entity. 30

(b) The financial sector levy payable by a supervised entity to the Prudential Authority and collected by the Reserve Bank, as contemplated in section 237(3A)(b) of the Financial Sector Regulation Act, read with section 246(2)(b) of that Act in respect of a levy year or levy period, is an amount equal to the sum of the amounts specified in or calculated in accordance with Schedule 1, in relation to that supervised entity. 35

(2) The amount specified in each Schedule is determined by matching a supervised entity with a type of supervised entity listed in the column “Type of supervised entity” in the Table in each Schedule and applying the formula in the corresponding line of the column “Formula” in the Table. 40

(3) The amount determined in terms of subsection (2) must not exceed the amount stipulated in the corresponding line of the column “Maximum” for the levy year or levy period, as may be applicable in the Table, in that Schedule. 45

(4) (a) A supervised entity must, in respect of a levy year, pay the amount specified in each Schedule in the number of payments indicated in the corresponding line of the column “Number of payments during a levy year” in the Table in that Schedule.

(b) Where, in a Schedule, the “number of payments during a levy year” is indicated as “one”, a supervised entity must make a single payment in respect of the levy year. 50

(c) Where, in a Schedule, the “number of payments during a levy year” is indicated as “four”, a supervised entity must make a payment in respect of each levy period.

(5) The amount indicated as “maximum” applies in respect of the—

(a) levy year, where the “number of payments during a levy year” is indicated as “one”;

(b) levy period, where the “number of payments during a levy year” is indicated as “four”.

(6) In the case of a part of a levy year or a levy period referred to in section 7, the amount of the levy payable for that part of a levy year or a levy period must be determined by applying, to the amount that would be payable for a full levy year or a levy period, as the case may be, the ratio of the number of days in that part of a levy year or a levy period to the number of days in a full levy year or a levy period, described in sections 5 and 6, respectively. 5

Levy year

5. A levy year is the period from 1 April in each year to 31 March in the immediately succeeding year. 10

Levy period

6. A levy period is one of the following periods in each year:

- (a) 1 April to 30 June;
- (b) 1 July to 30 September; 15
- (c) 1 October to 31 December; or
- (d) 1 January to 31 March.

Apportionment

7. (1) If a provision of this Act comes into operation after the commencement of a levy year or a levy period, a part of a levy year or a levy period must apply from the commencement of that provision to the end of the levy year or the levy period, as may be applicable. 20

(2) Where a supervised entity is licensed after the commencement of a levy year or a levy period, a part of a levy year or a levy period must apply from the date of licensing to the end of the levy year or the levy period, as may be applicable. 25

(3) Where the licence of a supervised entity is withdrawn or cancelled during a levy year or a levy period for whatever reason, a part of a levy year or a levy period must apply from the beginning of the relevant levy year or levy period to the date on which the licence is withdrawn or cancelled.

Special levy 30

8. (1) A supervised entity must pay the special levy, determined in terms of subsection (2), in respect of the first two levy years immediately following the date of the commencement of this Act.

(2) (a) The special levy in respect of a levy year or a levy period, or part of a levy year or a levy period, that is payable to the Financial Sector Conduct Authority, as contemplated in section 237(3A)(a) of the Financial Sector Regulation Act, read with section 246(2)(a) of that Act, is an amount equal to 7.5 per cent of the amount of the financial sector levy payable by that supervised entity in respect of Schedules 2 to 5, determined in terms of section 4 in respect of that levy year or levy period, or part of a levy year or a levy period. 40

(b) The special levy in respect of a levy year or a levy period, or part of a levy year or a levy period, that is payable to the Prudential Authority and collected by the Reserve Bank, as contemplated in section 237(3A)(b) of the Financial Sector Regulation Act, read with section 246(2)(b) of that Act, is an amount equal to 7.5 per cent of the amount of the financial sector levy payable by that supervised entity in respect of Schedule 1, determined in terms of section 4 in respect of that levy year or levy period, or part of a levy year or a levy period. 45

Part B

Deposit insurance levy

Deposit insurance levy 50

9. (1) A levy, known as the deposit insurance levy, must be charged and paid in accordance with this Act, for the benefit of the Corporation.

(2) The deposit insurance levy is payable by each member.

(3) The amount of the deposit insurance levy payable by each member in respect of a levy period from 1 April in each year to 31 March in the immediately succeeding year is determined in accordance with Schedule 6 to this Act.

(4) Where an entity becomes a member during a levy period or ceases to be a member during a levy period, the levy payable must be proportional to the remainder of the levy period during which the entity is a member or ceases to be a member. 5

Part C

Provisions applicable to all levies

Amendment of Schedules 10

10. (1) (a) The Minister may, with the concurrence of the financial sector body concerned, amend a Schedule, either by submitting an amended Schedule to Parliament for approval, or in accordance with subsection (4).

(b) Parliament must approve, adopt amendments to or reject an amended Schedule within three months of the date of tabling of the amended Schedule. 15

(c) If Parliament does not approve, adopt amendments to or reject the amended Schedule within three months of the date of tabling—

(i) the Minister may publish the amended Schedule in the *Gazette*; and

(ii) the amended Schedule takes effect from the date of publication in the *Gazette*.

(d) Section 13 of the Money Bills and Related Matters Act, 2009 (Act No. 9 of 2009), applies in relation to the consideration by Parliament of an amended Schedule that is tabled for approval. 20

(e) If Parliament approves or adopts amendments to the amended Schedule as tabled, the Schedule approved or adopted by Parliament must then be published by the Minister in the *Gazette*, and the Schedule takes effect on the date of publication in the *Gazette*. 25

(2) The Minister may make an amendment under subsection (1)—

(a) to give effect to a proposal for levies made by the financial sector body referred to in paragraphs (b) to (h) of the definition of “financial sector body” in section 1(1) of the Financial Sector Regulation Act (in respect of Schedules 2 to 6) or the Prudential Authority (in respect of Schedule 1), as contemplated in section 239(2) of the Financial Sector Regulation Act, and which proposal has been submitted to the Minister in terms of section 239(5) of that Act; 30

(b) to specify the meaning of any terms contained in the Schedule;

(c) to provide for a levy for a financial institution designated under section 2(2) of the Financial Sector Regulation Act, or which becomes a supervised entity as a result of an amendment to the Financial Sector Regulation Act or another financial sector law, or the enactment of a new financial sector law; 35

(d) to align the Schedule with the categories of supervised entities and activities that are regulated in terms of the Financial Sector Regulation Act or another financial sector law; or 40

(e) to align references in the Schedule with the definition of “financial sector body” in section 1(1) of the Financial Sector Regulation Act.

(3) An amendment envisaged in terms of this section includes the substitution, insertion or repeal of a Schedule or part of a Schedule.

(4) (a) A Schedule may be amended by the Minister by notice in the *Gazette* to give effect to an increase referred to in paragraph (b), and does not require submission to Parliament for approval, but a copy of the notice must be tabled in Parliament for information purposes. 45

(b) In accordance with paragraph (a), the levies in the Schedules to this Act must be increased by the arithmetic mean of the Consumer Price Index as published by Statistics South Africa in the preceding calendar year, unless the Minister by notice in the *Gazette*, determines that there must be no increase or an increase less than that annual rate of increase. 50

(c) An amended Schedule referred to in paragraph (a) takes effect on the date of publication of the notice in the *Gazette*. 55

Exemption from levies

11. (1) (a) The Financial Sector Conduct Authority may, in writing, on application by a supervised entity, exempt a supervised entity from the payment of all or a part of the

financial sector levy specified in Schedules 2 to 5, or the special levy referred to in section 8(2)(a), in respect of a levy year or a part of a levy year.

(b) The Prudential Authority may, in writing, on application by a supervised entity, exempt a supervised entity from the payment of all or a part of the financial sector levy specified in Schedule 1, or the special levy referred to in section 8(2)(b), in respect of a levy year or a part of a levy year. 5

(c) The Corporation may, in writing, on application by a member, exempt a member from the payment of all or part of the deposit insurance levy specified in Schedule 6, in respect of the period referred to in section 9(3), or a part of that period.

(2) A supervised entity or a member must, in the application referred to in subsection (1), provide the information that the Financial Sector Conduct Authority, the Prudential Authority or the Corporation, as the case may be, may determine, in the form and manner so determined. 10

(3) The Financial Sector Conduct Authority, the Prudential Authority or the Corporation, as the case may be, may only exempt a supervised entity or a member if the Financial Sector Conduct Authority, the Prudential Authority or the Corporation is satisfied that the exemption from the financial sector levy, the special levy or the deposit insurance levy— 15

(a) will alleviate undue financial or other hardship or prejudice to the supervised entity or member, or financial customers due to circumstances outside the control of that supervised entity or member; 20

(b) is not contrary to the public interest;

(c) is necessary for—

(i) developmental, financial inclusion and transformation objectives to facilitate progressive or incremental compliance with the Financial Sector Regulation Act or a financial sector law; or 25

(ii) other reasons that may contribute to the achievement of the objects of Financial Sector Regulation Act; and

(d) is necessary to facilitate the affordability of the financial sector levy, the special levy for the supervised entity or the affordability of the deposit insurance levy for the member. 30

(4) The Financial Sector Conduct Authority, the Prudential Authority and the Corporation must publish, in accordance with the requirements under the Financial Sector Regulation Act, each exemption that is issued by them under this section.

Allocation of amounts levied to financial sector bodies 35

12. (1) The Financial Sector Conduct Authority must allocate to a financial sector body, referred to in paragraphs (b) to (f) of the definition of “financial sector body” in section 1(1) of the Financial Sector Regulation Act, the amounts received by the Financial Sector Conduct Authority and paid into the account referred to in section 246(2) of the Financial Sector Regulation Act, in respect of supervised entities liable to pay the financial sector levy and the special levy for the levy year or levy period. 40

(2) (a) The financial sector levy amount that must be allocated by the Financial Sector Conduct Authority to the—

(i) Financial Sector Conduct Authority, is the amount determined in accordance with section 4, in respect of Schedule 2; 45

(ii) Tribunal, is the amount determined in accordance with section 4, in respect of Schedule 3;

(iii) Ombud Council, is the amount determined in accordance with section 4, in respect of Schedule 4; and

(iv) Office of the Pension Funds Adjudicator and the Office of the Ombud for Financial Services Providers, is the amount determined in accordance with section 4, in respect of Schedule 5. 50

(b) The financial sector levy amount that is collected by the Reserve Bank and allocated to the Prudential Authority, is the sum of the amounts payable by supervised entities to the Prudential Authority, referred to in section 4(1)(b). 55

(3) (a) The special levy amount that must be allocated by the Financial Sector Conduct Authority in respect of each financial sector body, referred to in subsection (1), is an amount equal to 7.5 per cent of the financial sector levy amount allocated to that financial sector body in terms of subsection (2)(a).

(b) The special levy amount that is collected by the Reserve Bank and allocated to the Prudential Authority is the sum of the amounts payable by supervised entities to the Prudential Authority, referred to in section 8(2)(b).

(4) The deposit insurance levy amount that is collected by the Reserve Bank and allocated to the Corporation is the sum of the amounts payable by members to the Corporation, referred to in section 9. 5

(5) (a) Interest on unpaid financial sector levy, special levy or deposit insurance levy amounts must be determined in accordance with section 244 of the Financial Sector Regulation Act.

(b) Interest on unpaid amounts payable by supervised entities, referred to in subsections (2)(a) and (3)(a), must be allocated by the Financial Sector Conduct Authority to the financial sector body, referred to in subsections (2)(a) and (3)(b), to whose allocation the interest on unpaid financial sector levy or special levy amounts relates. 10

(c) Interest on unpaid amounts payable by supervised entities, referred to in subsections (2)(b) and (3)(b), that is collected by the Reserve Bank, must be allocated to the Prudential Authority. 15

(d) Interest on unpaid amounts payable by members, referred to in subsection (4), that is collected by the Reserve Bank, must be allocated to the Corporation.

Short title and commencement

20

13. (1) This Act is called the Financial Sector and Deposit Insurance Levies Act, 2022, and comes into effect on a date determined by the Minister by notice in the *Gazette*.

(2) Different dates may be determined by the Minister in respect of the coming into effect of different provisions of this Act.

SCHEDULE 1**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF PRUDENTIAL AUTHORITY***(Section 4(1)(b))***Application**

1. Table A must be applied to calculate the levy payable by a supervised entity that is—

- (a) a bank or a branch;
- (b) a co-operative bank;
- (c) a mutual bank;
- (d) a non-life insurer;
- (e) a life insurer;
- (f) Lloyd's;
- (g) a microinsurer;
- (h) an exchange;
- (i) a central securities depository;
- (j) an independent clearing house;
- (k) an associated clearing house;
- (l) a central counterparty;
- (m) an external central counterparty;
- (n) a trade repository;
- (o) an external trade repository;
- (p) an over-the-counter derivative provider; or
- (q) the Road Accident Fund.

Alleviation of double levy payment in respect of clearing house

2. A clearing house that is approved in terms of section 110(6) of the Financial Markets Act to perform the functions of a central counterparty is liable to pay the levy applicable to a central counterparty, but is not liable to pay the levy applicable to an associated clearing house or an independent clearing house.

Levy payment in respect of reinsurer

3. A reinsurer that is licensed under the Insurance Act for—
- (a) non-life insurance business only, must pay the levy as if that reinsurer was a non-life insurer;
 - (b) life insurance business, must pay the levy as if that reinsurer was a life insurer;
or
 - (c) both life insurance business and non-life insurance business, must pay the levy separately for the life insurance business and non-life insurance business.

TABLE A

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of variable	Formula	Maximum (Rands)
Bank or branch	One	50 000	0.01062% x A	A = total liabilities as at 30 June of the preceding levy year as reported in the BA100, or total liabilities as reported in the previous financial statements published in terms of the International Financial Reporting Standards (IFRS) (if first not available)	Levy = Base amount + Variable Amount	45 000 000
Co-operative bank	One	1 000	0.005% x A	A = total liabilities as at 30 June of the preceding levy year as reported in terms of section 22 of the Co-operative Banks Act, 2007, or total liabilities as reported in previous financial statements (if first not available)	Levy = Base amount + Variable amount No levy is charged if A does not exceed R2 000 000	5 000
Mutual bank	One	2 000	0.005% x A	A = total liabilities as at 30 June of the preceding levy year as reported in terms of DI 100 or total liabilities as reported in previous financial statements published in terms of the IFRS (if first not available)	Levy = Base amount + Variable Amount No levy is charged if A does not exceed R3 000 000	500 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of variable	Formula	Maximum (Rands)
Non-life Insurer and Lloyd's	One	12 500	V1 = 0.155% x B V2 = 0.047% x C	B = Gross written premiums below R60 million C = Gross written premiums above R60 million Gross written premiums as stated in the most recent annual Quantitative Return Template submitted to the Prudential Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + V1 + V2	15 000 000
Life insurer	One	50 000	0.0025% x D	D = gross best estimate liabilities or technical provisions as a whole, adjusted to an absolute value per line of business as reported in the most recent annual Quantitative Return Template submitted to the Prudential Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + Variable amount	30 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of variable	Formula	Maximum (Rands)
Microinsurer (life insurance business only, non-life insurance business only, both life insurance business and non-life insurance business or reinsurance business)	One	5 000	V1 = 0.1016% x E V2 = 0.0308% x F	E = Gross written premiums below R60 million as stated in the most recent annual Quantitative Return Template submitted to the Prudential Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements F = Gross written premiums above R60 million as stated in the most recent annual Quantitative Return Template submitted to the Prudential Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + V1+V2	500 000
Exchange	Four	50 000	0.000023% x G	G = turnover value of trades for the quarter preceding the levy period	Levy = Base amount + Variable amount	2 500 000
Central securities depository	Four	100 000	0.000006% x H	H = value of trades settled for the quarter preceding the levy period	Levy = Base amount + Variable amount	1 500 000
Independent clearing house	Four	100 000	0.00012% x I	I = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable amount	1 500 000
Associated clearing house	Four	100 000	0.000005% x J	J = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable amount	500 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of variable	Formula	Maximum (Rands)
Central counterparty	Four	100 000	$0.00012\% \times K$	K = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable amount	3 000 000
External central counterparty	Four	100 000	Not applicable		Levy = Base amount	Not applicable
Trade repository	Four	25 000	Not applicable		Levy = Base amount	Not applicable
External trade repository	Four	25 000	Not applicable		Levy = Base amount	Not applicable
Over-the-counter derivative provider	One	50 000	Not applicable		Levy = Base amount	Not applicable
Road AccidentFund	One	100 000	Not applicable		Levy = Base amount	Not applicable

SCHEDULE 2**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF FINANCIAL SECTOR CONDUCT AUTHORITY***(Section 4(1)(a))***Application**

1. Table B must be applied to calculate the levy payable by a supervised entity that is—

- (a) a bank;
- (b) a co-operative bank;
- (c) a mutual bank;
- (d) a non-life insurer;
- (e) a life insurer;
- (f) a microinsurer that conducts life insurance business only, non-life insurance business only, both life insurance business and non-life insurance business or reinsurance business;
- (g) an exchange;
- (h) a central securities depository;
- (i) an independent clearing house;
- (j) an associated clearing house;
- (k) a central counterparty;
- (l) a trade repository;
- (m) an over-the-counter derivative provider;
- (n) a credit rating agency;
- (o) a pension fund: occupational fund;
- (p) a pension fund: preservation fund;
- (q) a pension fund: provident preservation fund;
- (r) a pension fund: retirement annuity fund;
- (s) a pension fund administrator;
- (t) a collective investment scheme in securities;
- (u) a collective investment scheme in hedge funds;
- (v) a foreign collective investment scheme;
- (w) a collective investment scheme in property;
- (x) a collective investment scheme in participation bonds;
- (y) a category I or IV financial services provider;
- (z) a category II, IIA or III financial services provider;
- (zA) a category I or category IV financial services provider in respect of only the following financial products subcategories:
 - (i) Long-term insurance subcategory A; or
 - (ii) friendly society benefits;
- (zB) a financial services provider (other); or
- (zC) a financial services provider (authorised in multiple categories).

Alleviation of double levy payment in respect of clearing house

2. A clearing house that is approved in terms of section 110(6) of the Financial Markets Act to perform the functions of a central counterparty is liable to pay the levy applicable to a central counterparty, but is not liable to pay the levy applicable to an associated clearing house or an independent clearing house.

Levy payment in respect of reinsurer

3. A reinsurer that is licensed under the Insurance Act to conduct both life insurance business and non-life insurance business must be levied separately for its life insurance business and non-life insurance business.

TABLE B

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Bank or branch	One	50 000	$0.00165\% \times A$	A = total liabilities as at 30 June of the preceding levy year as reported in the BA100, or liabilities as reported in the previous financial statements published in terms of IFRS (if first not available)	Levy = Base amount + Variable amount	20 000 000
Co-operative bank	One	1 000	$0.00125\% \times A$	A = total liabilities as at 30 June of the preceding levy year as reported in terms of section 22 of the Co-operative Banks Act, 2007, or in previous financial statements (if first not available)	Levy = Base amount + Variable amount No levy is charged if A does not exceed R2 000 000	5 000
Mutual bank	One	2 000	$0.00125\% \times A$	A = total liabilities as at 30 June of the preceding levy year as reported in terms of section 53 of the Mutual Banks Act, 1993, or in previous financial statements (if first not available)	Levy = Base amount + Variable Amount No levy is charged if A does not exceed R3 000 000	100 000
Non-life insurer	One	12 500	$V1 = 0.155\% \times B$ $V2 = 0.047\% \times C$	B = gross written premiums below R60 million C = gross written premiums above R60 million Gross written premiums as stated in the most recent annual Quantitative Return Template submitted to the Financial Sector Conduct Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + V1 + V2	5 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Life insurer	One	50 000	$0.0025\% \times D$	D = gross best estimate liabilities or technical provisions as a whole, adjusted to an absolute value per line of business as reported in the most recent annual Quantitative Return Template submitted to the Financial Sector Conduct Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + Variable amount	10 000 000
Microinsurer (life insurance business only, non-life insurance business only, both life insurance business and non-life insurance business or reinsurance business)	One	5 000	V1= $0.1016\% \times$ EV2= $0.0308\% \times F$	E = Gross written premiums below R60 million as stated in the most recent annual Quantitative Return Template submitted to the Financial Sector Conduct Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements F = Gross written premiums above R60 million as stated in the most recent annual Quantitative Return Template submitted to the Financial Sector Conduct Authority in respect of the year preceding the levy year, in accordance with the prescribed requirements	Levy = Base amount + V1+V2	500 000
Exchange	Four	125 000	$0.00011\% \times F$	F = turnover value of trades for the quarter preceding the levy period	Levy = Base amount + Variable amount	11 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Central securities depository	Four	125 000	$0.000011\% \times G$	G = value of trades settled for the quarter preceding the levy period	Levy = Base amount + Variable amount	900 000
Independent clearing house	Four	125 000	$0.00011\% \times H$	H = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable amount	1 500 000
Associated clearing house	Four	125 000	$0.000007\% \times I$	I = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable	750 000
Central counterparty	Four	125 000	$0.00011\% \times J$	J = value of trades cleared for the quarter preceding the levy period	Levy = Base amount + Variable amount	3 750 000
Trade repository	One	500 000	Not applicable		Levy = Base amount	Not applicable
Over-the-counter derivative provider	One	100 000	Not applicable		Levy = Base amount	Not applicable
Credit rating agency	One	Not applicable	$L_n = (R_n/R) \times A$	<p>L_n = Levy to be paid by the specific credit rating agency</p> <p>R_n = Revenue generated by the specific credit rating agency during the previous financial year</p> <p>R = Total Revenue generated by all registered credit rating agencies during the previous financial year</p> <p>A = Annual supervisory levy based on the estimated supervisory cost to be incurred by the department for the current financial year</p>	Levy = Variable amount	Not applicable

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Pension fund—occupational fund	One	2 000	16.20 x L	L = number of members and every other person who receives regular periodic payments from such a fund (excluding any member or such person, whose benefit remained unclaimed and beneficiaries of members of pension funds) as reflected in the latest annual financial statements furnished to the Authority as at 28 February of the preceding levy year	Levy = Base amount + Variable amount	5 000 000
Pension fund — pension preservation fund, provident preservation fund and retirement annuity fund	One	2 000	16.20 x L	L = number of members and every other person who receives regular periodic payments from such a fund (excluding any member or such person, whose benefit remained unclaimed and beneficiaries of members of pension funds) as reflected in the latest annual financial statements furnished to the Authority as at 28 February of the preceding levy year	Levy = Base amount + Variable amount	R15 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Pension fund administrator	One	8 162.33	$V1 = 870 \times$ $MV2 = 1.05 \times L$	M = number of pension funds under administration as at 28 February of the levy year L = number of members and every other person who receives regular periodic payments from such a fund (excluding any member or such person, whose benefit remained unclaimed and beneficiaries of members of pension funds under administration) as reflected in the latest annual financial statements furnished to the Authority as at 28 February of the preceding levy year	Levy = Base amount + V1 + V2	Not applicable
Collective investment scheme in securities	Four	12 916	$V1 = 2\ 067 \times$ $NV2 = 0.000052\% \times$ O	N = number of portfolios or funds at end of previous quarter O = total amount of assets managed at end of previous quarter	Levy = Base amount + V1 + V2	Not applicable
Collective investment scheme in hedge funds	Four	12 916	$V1 = 2067 \times$ $PV2 = 0.00465\% \times$ Q	P = number of portfolios, funds or sub-schemes, at end of previous quarter Q = total amount of assets managed at end of previous quarter	Levy = Base amount + V1 + V2	Not applicable
Foreign collective investment scheme	Four	12 916	$V1 = 7\ 150 \times$ $RV2 = 0.000354\% \times$ S	R = number of portfolios, funds or sub-funds at end of previous quarter S = total net amount of assets managed on behalf of South African investors at end of previous quarter	Levy = Base amount + V1 + V2	Not applicable

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Collective investment scheme in Property	One	12 916	100 000 x T	T = number of portfolios	Levy = Base amount + Variable amount	Not applicable
Collective investment scheme in participation bonds	Levy determined four times per levy year, but total amount of the levy due for the levy year is paid once	12 916	V1 = 2 067 x UV2 = 0.000052% x V	U = number schemes at end of previous quarter V = aggregate amount owing by mortgagers at end of previous quarter	Levy = Base amount + V1 + V2	Not applicable
Category I or IV financial services Provider	One	4000	620 x W	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year	Levy = Base amount + Variable amount	2 000 000
Category II, IIA or III financial services provider	One	8000	V1 = 620 x WV2 = 0.0018595% x X	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year X = the total value of investments managed or administered on behalf of clients in terms of the authorisation as a financial services provider on 31 August of the levy year: Provided that investments under management or administration held in foreign currency must be included at the exchange rate published in the press at that date	Levy = Base amount + V1 + V2	2 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Category I or Category IV financial services provider in respect of only the following financial products sub-categories: Long-term insurance subcategory A or Friendly Society Benefits	One	4000	280 x W	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year	Levy = Base amount + Variable amount	2 000 000
Financial Services Provider (other)	One	8000	V1 = 620 x W V2 = 0.002% x X	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year X = the total value of investments managed or administered on behalf of clients in terms of the authorisation as a financial services provider on 31 August of the levy year: Provided that investments under management or administration held in foreign currency must be included at the exchange rate published in the press at that date	Levy = Base amount + V1 + V2	2 000 000

Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Financial Services Provider (authorised in multiple Categories)	One					<p>A person that is authorised for multiple categories is liable for a single levy calculated as follows:</p> <p>(1) = the most onerous of the base amounts applicable to the different categories for which the person is authorised.</p> <p>(2) = the average total number of key individuals plus average total number of representatives, under the different categories, calculated over the period 1 September of the preceding levy year to 31 August of the levy year: Provided that that the key individuals and representatives who are approved or appointed under multiple categories are counted once for the purposes of the calculation.</p> <p>(3) = the total value of investments managed or administered on behalf of clients under the different categories on 31 August of the levy year: Provided that investments under management or administration held in foreign currency must be included at the exchange rate published in the press at that date.</p> <p>(4) = the most onerous of the maximum amounts applicable to the different categories for which the person is authorised.</p>

SCHEDULE 3**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF TRIBUNAL***(Section 4(1)(a))***Application**

Table C must be applied to calculate the levy payable by a supervised entity that is liable to pay an amount in terms of Schedule 1 or 2.

TABLE C

Type of supervised entity	Number of payments per levy year	Variable Amount (Rands)	Description of Variable	Formula
All supervised entities that are liable to pay levies calculated in accordance with Schedule 1 or 2	One	$2.5\% \times (Y1 + Z2)$	Y1 = amount of levy payable by the supervised entity in terms of Schedule 1 Z2 = amount of levy payable by the supervised entity in terms of Schedule 2	Levy = Variable amount

SCHEDULE 4**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF OMBUD COUNCIL***(Section 4(1)(a))***Application**

Table D must be applied to calculate the levy payable by a supervised entity that is liable to pay an amount in terms of Schedule 2.

TABLE D

Type of supervised entity	Number of payments per levy year	Variable Amount (Rands)	Description of Variable	Formula
All supervised entities that are liable to pay levies referred to in Schedule 2	One	2.5% x Z	Z = amount of levy payable by the supervised entity in terms of Schedule 2	Levy = Variable amount

SCHEDULE 5**FINANCIAL SECTOR LEVY CALCULATION FOR SUPERVISED ENTITIES
IN RESPECT OF STATUTORY OMBUD SCHEMES***(Section 4(1)(a))***Application**

Table E must be applied to calculate the levy payable by a supervised entity that is—

- (a) a pension fund; or
- (b) a financial services provider.

TABLE E

Statutory Ombud Scheme	Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Office of the Pension Funds Ad-judicator	Pension fund	One	R0	7.70 x L	L = number of members and all other persons who receive regular periodic payments from such a fund (excluding any member or such person, whose benefit remained unclaimed and beneficiaries of members of pension funds) as reflected in the latest annual financial statements furnished to the Authority as at 28 February of the preceding levy year	Levy = Base amount + Variable Amount	Not applicable

Statutory Ombud Scheme	Type of supervised entity	Number of payments per levy year	Base Amount (Rands)	Variable Amount(s) (Rands)	Description of Variable	Formula	Maximum (Rands)
Office of the Ombud for Financial Services Providers	Financial Services Provider	One	R1100	AA x 690 AA = W - BB	W = Average total number of key individuals plus average total number of representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year BB = Average total number of key individuals that are also appointed as representatives, calculated over the period 1 September of the preceding levy year to 31 August of the levy year	Levy = Base Amount + Variable Amount	R333 275

SCHEDULE 6
DEPOSIT INSURANCE LEVY

(Section 9(3))

Application

Table F must be applied to calculate the deposit insurance levy payable by a member of the Corporation that is—

- (a) a bank;
- (b) a co-operative bank;
- (c) a mutual bank; or
- (d) a branch.

TABLE F

Annual levy						
Type of supervised entity	Levy Frequency	Base Amount	Variable Amount(s)	Description of variable	Levy amount	Maximum
Bank	Annual	1 000	0.015% x A	A = total covered deposits as reported as at 31 March	Higher of base amount or variable amount(s)	Not applicable
Co-operative bank	Annual	1 000	0.015% x A	A = total covered deposits as reported as at 31 March	Higher of base amount or variable amount(s)	Not applicable
Mutual bank	Annual	1 000	0.015% x A	A = total covered deposits as reported as at 31 March	Higher of base amount or variable amount(s)	Not applicable
Branch	Annual	1 000	0.015% x A	A = total covered deposits as reported as at 31 March	Higher of base amount or variable amount(s)	Not applicable

MEMORANDUM ON THE OBJECTS OF THE FINANCIAL SECTOR AND DEPOSIT INSURANCE LEVIES BILL, 2022

1. BACKGROUND TO BILL

- 1.1 On 22 August 2017, the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (“FSRA”), was assented to by the President.
- 1.2 The object of the FSRA is to achieve a stable financial system that works in the interests of financial customers and supports balanced and sustainable economic growth in the Republic.
- 1.3 Under the funding model that will be established by the Financial Sector and Deposit Insurance Levies Bill, 2022 (“Levies Bill”), the operations and functioning of the Prudential Authority (“PA”), the Financial Sector Conduct Authority (“FSCA”), the Financial Services Tribunal and the Ombud Council, which are established in terms of the FSRA, as well as the Office of the Pension Funds Adjudicator and the Office of the Ombud for Financial Services Providers (“the statutory ombuds”), will be funded by levies, which are imposed on the financial sector in terms of the Levies Bill, as well as through fees, which may be charged in accordance with Chapter 16 of the FSRA in relation to specific functions or services that they may perform.
- 1.4 In terms of the proposed Financial Sector Laws Amendment Act of 2021, that is currently with the President for assent, the funding of the operations of the Corporation for Deposit Insurance (“the Corporation”) that will be established in terms of the newly inserted 166AE of the FSRA and the administration of the Deposit Insurance Fund (“the Fund”) that will be established in terms of the newly inserted 166BD of the FSRA, is envisaged to be provided by a deposit insurance levy, in terms of a newly inserted section 166BC.
- 1.5 The Levies Bill is the money bill that provides for the imposition of levies on supervised entities in order to fund the PA, the FSCA, the Financial Services Tribunal, the Ombud Council, the statutory ombuds, the Corporation (“the financial sector bodies”), as well as the administration of the Fund.

2. OBJECTIVE OF BILL

- 2.1 Currently, the prudential regulation of banks by the PA is funded from the general revenue of the South African Reserve Bank, which includes revenue generated from the unremunerated cash reserves held by commercial banks with the South African Reserve Bank. The operations of the former Office of the Registrar of Banks were also funded in this manner.
- 2.2 The regulation and supervision of financial institutions by the former Financial Services Board (“FSB”) were funded by levies authorised by section 15A of the Financial Services Board Act, 1990 (Act No. 97 of 1990) (“FSB Act”). The institutions that the FSB regulated and supervised included financial services providers, pension funds, insurance companies, collective investment schemes (unit trusts) and credit ratings services companies.
- 2.3 The FSCA and the statutory ombuds are currently funded by levies raised in terms of section 302 of the FSRA, read with regulation 2(6) of the Financial Sector Regulations in terms of that Act, and section 15A of the FSB Act.
- 2.4 Currently, the Financial Services Tribunal is funded through transitional arrangements provided for in regulation 4(1) of the FSRA, between the PA, the FSCA and the Financial Intelligence Centre. These arrangements are in place until after the Levies Bill is enacted.
- 2.5 The Levies Bill provides for the imposition of levies to provide for the funding of the financial sector bodies, and in respect of the deposit insurance levy, for

the administration of the Fund, a mechanism to grant exemptions from such levies under certain circumstances and the allocation of amounts levied to the financial sector bodies.

- 2.6 The Financial Sector Levies (Administration) and Deposit Insurance Premiums Bill, 2022, and Chapter 16 of the FSRA, as it is proposed to be amended by that Bill, provide for the administration of the levies and for a mechanism to recover these levies and interest on unpaid amounts from the financial institutions that will be regulated.

3. STRUCTURE OF BILL

- 3.1 *Clause 1* provides for the definition of relevant terms that are used in the Levies Bill, including in the Schedules to the Bill.
- 3.2 *Clause 2* provides for the imposition of a financial sector levy and a special levy for the funding of the financial sector bodies.
- 3.3 *Clause 3* provides that a supervised entity is liable to pay the financial sector levy in an amount determined in accordance with clause 4, in respect of each levy year or levy period, in relation to that supervised entity.
- 3.4 *Clause 4* sets out how the amount of the financial sector levy that is payable by a supervised entity is determined.
- 3.5 *Clause 5* defines the term “levy year”, which is used in the determination of the financial sector levy and special levy.
- 3.6 *Clause 6* defines the term “levy period”, which is used in the determination of the financial sector levy and special levy.
- 3.7 *Clause 7* specifies how the financial sector levy and special levy must be apportioned if the Levies Bill, once enacted, comes into operation after the commencement of a levy year or a levy period, if a supervised entity becomes licensed after the commencement of a levy year or a levy period, or if the licence of a supervised entity is withdrawn or cancelled during a levy year or a levy period for whatever reason.
- 3.8 *Clause 8* provides that a supervised entity must pay a special levy in respect of the first two levy periods immediately following the date of the commencement of this Act, and specifies how the special levy is determined.
- 3.9 *Clause 9* provides for the imposition of a deposit insurance levy to fund the operations of the Corporation and the administration of the Fund, which is payable by members of the Corporation.
- 3.10 *Clause 10* empowers the Minister to amend the Schedules to the Levies Bill, in accordance with the requirements and procedures set out in the clause.
- 3.11 *Clause 11* provides that the FSCA, on application by a supervised entity, may exempt the supervised entity from the payment of a levy or a part of a levy specified in Schedules 2 to 5, or the special levy referred to in clause 8(2)(a), for a specific levy period, if the FSCA is satisfied that the exemption from the levy would satisfy the specified conditions in clause 10(3). The PA is similarly authorised to grant exemptions from the payment of a levy or part of a levy specified in Schedule 1, or the special levy referred to in clause 8(2)(b). The Corporation is authorised to grant exemptions from the payment of a deposit insurance levy specified in Schedule 8. The Financial Sector Conduct Authority, the Prudential Authority and the Corporation must publish in accordance with the requirements under the Financial Sector Regulation Act each exemption that is issued by them.

3.12 *Clause 12* specifies how the FSCA must allocate the financial sector levies and special levies that are paid to and collected by it to the FSCA, the Tribunal, the Ombuds Council, the Office of the Pension Fund Adjudicator, and the Office of the Ombud for Financial Services Providers. The clause also specifies that the financial sector levies and special levies that are payable to the PA and collected through the South African Reserve Bank are allocated to the Prudential Authority. The deposit insurance levies that are payable to the Corporation and collected through the South African Reserve Bank are allocated to the Corporation.

3.13 *Clause 13* provides for the short title and commencement.

4. ORGANISATIONS AND INSTITUTIONS CONSULTED

4.1 The National Treasury has engaged the former FSB, the FSCA, the PA and the South African Reserve Bank (“SARB”) in the development of the Levies Bill.

4.2 On 22 September 2016, the National Treasury made a presentation to the Standing Committee on Finance in the National Assembly regarding the costing for the implementation of the FSRA, which was being processed by the Committee, and that costing informed the development of the Levies Bill, with significant subsequent refinements being made to the Schedules to the Levies Bill, as budgeting and costing were rigorously and repeatedly assessed.

4.3 On 23 November 2016, a draft version of the Levies Bill was published for comment on the National Treasury website, with a deadline for submission of comments on 31 January 2017. On 6 June 2017, a revised version of the draft Levies Bill was published on the National Treasury website, as well as a document summarising comments received and responses to comments to the earlier draft version of the Levies Bill.

4.4 After that process, significant further work was undertaken in refining the costing and budgeting underpinning the determination of the levy formulas contained in the Schedules to the Levies Bill, and the formulas were refined and rechecked extensively.

4.5 On 17 April 2018, the National Treasury provided a further revised version of the Levies Bill to the Standing Committee on Finance, and published a revised version of the Levies Bill on the National Treasury website.

4.6 Further engagements were undertaken and refinements were made to develop a subsequent version of the Levies Bill, which was published on 24 February 2021 for a further round of comment. Comments received on the Bill were considered in preparing the current version of the Bill.

4.7 On 1 September 2020, the SARB published for comment the paper titled “*The deposit insurance funding model and the implications for banks*”, which outlined the funding model proposed for the deposit insurance scheme in South Africa, including details of its premiums and levies. The policy proposals contained in the funding paper were developed subsequent to significant consultation with banks, by considering country-specific characteristics as well as applicable international standards, such as the Core Principles for Effective Deposit Insurance Systems and other guidance issued by the International Association for Deposit Insurers. The funding model and comments received on the funding model when published for comment inform the content Schedule 6 to the Levies Bill.

5. FINANCIAL IMPLICATIONS OF BILL

5.1 Financial implications for the State:

There are no significant financial implications envisaged for the fiscus.

6. CONSTITUTIONAL IMPLICATIONS

None.

7. PARLIAMENTARY PROCEDURE

- 7.1 The State Law Advisers and the National Treasury are of the opinion that this Bill is a money bill contemplated in section 77 of the Constitution of the Republic of South Africa, 1996 (“Constitution”), and must be dealt with in accordance with the procedure prescribed by section 75 of the Constitution.
- 7.2 The State Law Advisers are of the opinion that it is not necessary to refer this Bill to the National House of Traditional and Khoi-San Leaders in terms of 39(1)(a) of the Traditional and Khoi-San Leadership Act, 2019 (Act No. 3 of 2019), since it does not contain provisions pertaining to customary law or customs of traditional communities or matters referred to in section 154(2) of the Constitution.