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FINANCIAL MARKETS BILL

Please find attached a self explanatory communication on the Financial Markets Bill from Cillié Swart Senior Economist: National Treasury for your information.

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Dear Financial Markets Stakeholder,

The National Treasury is pleased to announce that The Financial Markets Bill has been tabled in Parliament. The Bill updates the Securities Services Act (No. 36 of 2004), to take into account developments in international regulation and to strengthen our regulatory approach to financial markets and its participants. In particular, it enables a regulatory framework for unlisted securities, enables central reporting for derivative transactions, and takes additional steps to combat market abuse, including insider trading.

In addition to the Bill, National Treasury is releasing documents to assist market participants to interpret the Bill. These include an Explanatory Memorandum to the Bill, with annexures discussing the main issues raised by stakeholders and explaining changes to the 4 August 2011 version that was released for public comment. It also includes a document describing the proposed approach to regulating over-the-counter (OTC) derivatives, supported by a detailed independent study that informs the approach. The key message of the study is that OTC derivatives regulation will be implemented in a balanced and consultative way, and that standardisation, central clearing and central trading will only be required where appropriate and feasible. On this issue, stakeholders are requested to provide comments by 25 May 2012. A public workshop will be on 9 May 2012. Please email linda.vanzyl@treasury.gov.za to register.

The abovementioned documents are being made available on the National Treasury (www.treasury.gov.za) and Financial Services Board (www.fsb.co.za) websites. A tracked changes version of the Bill, showing the changes made since the 4 August version of the Bill, is also available upon request.

We would like to thank the market for the constructive nature of the National Treasury consultation process. Parliament will publish details in the press regarding its consultations shortly.

Regards,

Cillie Swart

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