

# Financial Sector Levies Bill

Discussion 14 May 2018



# Agenda

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1. JSE concerns
2. Other stakeholders concerns
3. Next steps

## JSE concerns –

- the cumulative effect of the financial sector levies on financial consumers;
- the quantum levied on market infrastructures;
- the method of calculation of the levies on market infrastructures and the impact on the market of certain asset classes; and
- the apportionment of levies - nature, scale and complexity of regulatory risks.

# Cumulative effect



- R1.354bn to be absorbed by financial consumers
- Increase of 42% from the 2018/2019 financial sector bodies' budgets which excludes special levy of up to 15%.  
(R1.424bn)

Institution/Cost Centre	Proposed Income
Prudential Authority	R423m
Financial Sector Conduct Authority	R768m
Financial Services Tribunal	R29m
Ombud Council	R18m
Office of the Pension Fund Adjudicator	R72m
Office of the Ombud for Financial Services Providers	R54m
<b>Total Estimated Levies and Fee income</b>	<b>R1,364m</b>

# Quantum levied on market infrastructures



- Total to be absorbed by existing market infrastructures R103m for 2019/2020
- Increase of 120% against 2018/2019 levies

Total Estimated Levies for 2019/2020	
JSE	87 798 475
Strate	14 905 926
	102 704 401

# Estimated JSE Group Levies



Exchange	Per Budget	Maximum
FSCA max pa	32 567 000	35 000 000
PA max pa	27 358 000	28 000 000
	59 925 000	63 000 000
Tribunal	1 498 125	1 575 000
Ombud Council	814 175	875 000
Sub total	62 237 300	65 450 000
Special Levy	9 335 595	9 817 500
Total 2019/2020 Levies	71 572 895	75 267 500
CCP	Per Budget	Maximum
FSCA max pa	12 098 000	15 000 000
PA max pa	1 372 000	12 000 000
	13 470 000	27 000 000
Tribunal	336 750	675 000
Ombud Council	302 450	375 000
Sub total	14 109 200	28 050 000
Special Levy	2 116 380	4 207 500
Total 2019/2020 Levies	16 225 580	32 257 500
Total 2019/2020 Estimated Levies	87 798 475	107 525 000
2018/2019 Levies	42 860 000	
% Increase	104.85	

# Estimated Strate Levies



Strate	Per Budget	Maximum
FSCA CSD	5 024 000	5 000 000
FSCA Associated CH	1 845 000	5 000 000
PA CSD	4 174 000	4 000 000
PA Associated CH	1 435 000	5 000 000
	12 478 000	19 000 000
Tribunal	311 950	475 000
Ombud Council	171 725	250 000
Sub total	12 961 675	19 725 000
Special Levy	1 944 251	2 958 750
Total 2019/2020 Levies	14 905 926	22 683 750
2018/2019 Levies	3 800 000	
% Increase	292.26	

# Method of Calculation - gross value traded 2017\*



Asset Class	Gross Value Traded	% of Total
Equities	5 896 762 158 029	14
Bonds	27 074 921 204 399	64
Equity Derivatives	6 172 780 520 768	15
Interest Rate Derivatives	1 358 329 785 531	3
Currency Derivatives	946 732 933 245	2
Commodity Derivatives	569 269 559 298	1
Total	42 018 796 161 269	

\*values for calendar year 2017



# Method of Calculation - gross value cleared 2017\*



Asset Class	Gross Value Traded	% of Total
Equity Derivatives	6 172 780 520 768	15
Interest Rate Derivatives	1 358 329 785 531	3
Currency Derivatives	946 732 933 245	2
Commodity Derivatives	569 269 559 298	1
Total	9 047 112 798 841	

\*values for calendar year 2017, assuming no netting

# Apportionment of Levies

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## **Prudential Authority - maximum annual levy:**

- Exchange (R28m)
- CCP (R12m)
- CSD (R5m)
- ODP (R0)

## **Prudential Authority – budgeted levy:**

- CCP (R1.37m)
- Associated Clearing House (R1.44m)
- ODP (R0)

## **FSCA - maximum annual levy:**

- Exchange (R35m)
- Bank (R15m)
- Long term insurer (R10m)
- ODP (R100k)
- FSP (R2m)

## **PA vs FSCA - maximum annual levy for CCP and Exchange:**

- Prudential Authority (R12m and R28m)
- FSCA (R15m and R35m)

Next steps

JS ≡

