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Johannesburg
02 September 2026

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Why regulatory cooperation requires a shared understanding of what good governance looks like

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Regulatory institutions across SADC already cooperate extensively. They do so through memoranda of understanding, bilateral information-sharing arrangements, regional forums and an increasingly interconnected network of supervisory relationships. These arrangements matter. They enable institutions with different statutory mandates to exchange information, coordinate their activities and respond to risks that no single regulator can always address alone.

But cooperation creates an under-examined vulnerability: **governance dependencies**.

When one regulator relies on information supplied by another, it is relying not only on the information itself but on the *quality of the governance* that produced it. When institutions exchange confidential data, each depends upon the other's information governance and security. When coordinated enforcement is required, each depends upon the other's capacity to act independently, consistently and within mandate.

The effectiveness of cooperation therefore depends partly on governance capabilities that sit outside each institution's direct control. This raises an important question: if regulatory institutions increasingly depend upon one another, **do they share a sufficiently common understanding of what good governance looks like to know what they can reasonably expect of each other?**

The answer, at present, is not always. And the gap between what institutions assume about one another's governance and what they can *actually demonstrate* is where cooperation frameworks are most vulnerable.

What MoUs Cannot Do - and Why It Matters

Memoranda of Understanding (MoU) remain an important instrument of regulatory cooperation. They formalise institutional commitment including roles and responsibilities, information-sharing protocols, and escalation mechanisms. But an MoU necessarily relies upon the governance capability each institution brings to the relationship - and it has no mechanism for establishing whether that capability *actually exists*.

Consider a commitment to exchange regulatory information. The MoU can establish the obligation to share, but effective cooperation still depends on the institutions producing reliable information, protecting it appropriately, authorising its disclosure correctly and acting within appropriate timeframes. These are governance capabilities that the MoU necessarily assumes; it cannot, by itself, establish that they are operating effectively.

The same principle applies to coordinated supervision, joint investigations, cross-border enforcement and systemic-risk responses.

This matters because governance weakness does not remain contained within the institution in which it originates. Poor-quality data supplied by one regulator can compromise another institution's analysis. Weak information security can expose data entrusted by several institutions. Inconsistent enforcement can create opportunities for regulated entities to exploit differences between jurisdictions. A failure of independence in one institution can weaken confidence in the broader regulatory environment. The greater the dependency between institutions, the more consequential it becomes to understand the governance capability upon which that dependency rests.

> ***An MoU commits institutions to cooperate. A minimum standard gives that commitment something to be held against.***

A Common Standard - Not Common Governance

A shared minimum standard can easily be misunderstood, so it is worth being direct about what it is not. It is not harmonisation - regulatory institutions operate under different legislation, mandates and institutional histories, and a common understanding of effective governance does not require those differences to disappear. It is not a super-regulator - national institutions retain their statutory powers, independence and accountability. It is not a pass-or-fail test - its value lies in providing a common reference point for more meaningful conversations about governance strengths, vulnerabilities and improvement, not in classifying institutions as good or bad.

What a shared minimum standard does provide is a common language of governance effectiveness - sufficient agreement on the principles that make institutional cooperation trustworthy, and a basis upon which institutions that depend upon one another can ask the same fundamental question: **what does good governance need to look like** for us to be able to rely upon each other? Precedents for this approach already exist in international supervisory principles and regional peer-review processes that preserve national authority while creating collective accountability. The question is whether SADC's regulatory institutions are willing to apply the same principle to their own governance.

What Should That Common Understanding Achieve?

The value of a shared standard lies less in the document that describes it than in the quality of the understanding it creates. For a shared standard to create practical value, three elements are particularly important.

The first is a **foundation of common principles**. Regulators do not need identical governance structures, but they do need sufficient agreement on the principles upon which institutional reliance depends - including independence, integrity, transparency, sound information governance and resilience. The objective is not uniformity. It is sufficient commonality of expectation to make institutional reliance credible.

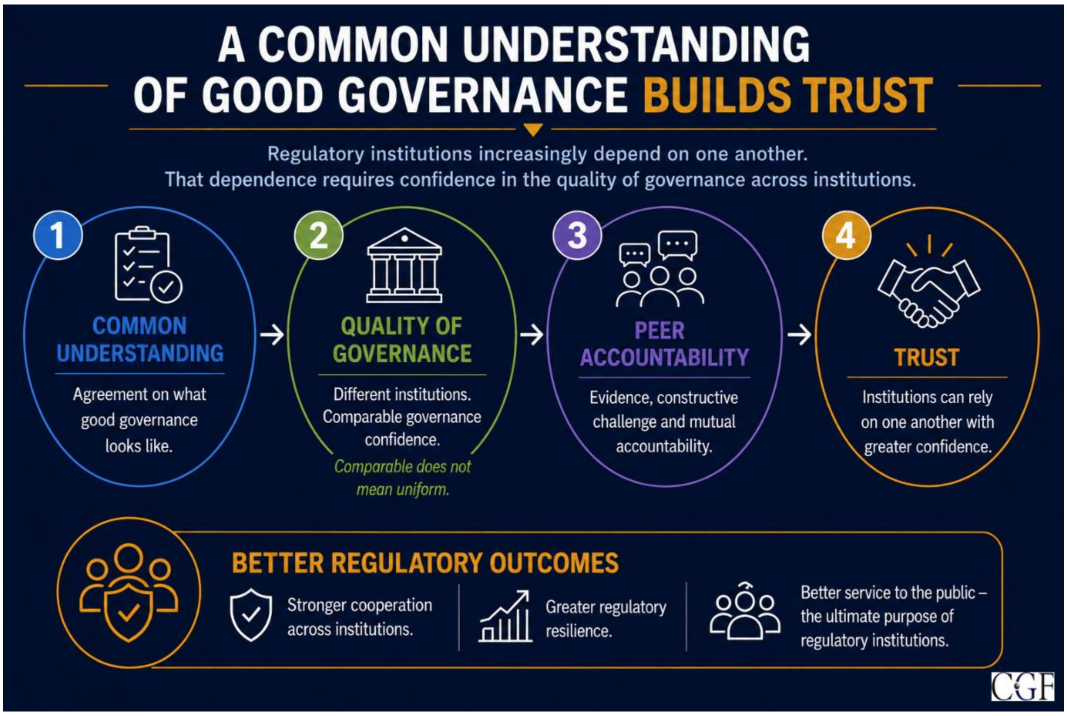
The second is a **requirement for evidence**, not assertion. A shared understanding has limited value if institutions can merely declare that its principles are being observed. The purpose of evidence is not to create another compliance exercise, but to give peers reasonable confidence that the governance capabilities upon which they rely are operating in practice.

The third is **peer accountability** with substance. A shared understanding becomes meaningful when institutions are willing to hold themselves -- and one another -- accountable to it. This need not be punitive; punitive approaches may discourage precisely the candour that effective peer accountability requires. Its greater value lies in creating an environment in which institutions that depend on one another can discuss governance vulnerabilities openly, challenge assumptions constructively and seek evidence that material weaknesses are being addressed.

Together, these create something that regulatory cooperation ultimately depends upon: **trust**.

A regulator receiving information from a peer should be able to place reasonable reliance on the governance processes that produced it. An institution sharing sensitive data should have reasonable confidence in how that information will be governed once it leaves its control. Where that confidence cannot yet be established, institutions should be able to identify the vulnerability before the system is under stress.

That is the real value of a shared minimum standard: not another governance score or certificate, but greater confidence between institutions that increasingly depend upon one another.



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The SADC Imperative

Regulatory institutions ultimately exist to serve the public interest, exercising independent and effective oversight on behalf of the societies and economies they serve. When governance is weak, inconsistently applied or incapable of being demonstrated, the consequences extend beyond the institution itself. Citizens, markets and the broader economy ultimately bear the cost. Establishing a shared minimum standard is therefore not simply about improving cooperation between regulators; it reflects the broader *public accountability obligation* of institutions entrusted with regulatory authority.

That obligation also has economic consequences. Regulatory integrity and institutional credibility form part of the environment within which long-term investors and development finance institutions make decisions about capital allocation. A SADC regulatory landscape able to demonstrate credible, independent oversight and a comparable quality of governance across its institutions provides greater confidence than one able to demonstrate only formal compliance. **Demonstrable governance effectiveness** is therefore more than an institutional good: it contributes to public confidence, economic resilience and the conditions necessary for sustainable investment and development.

Start With Agreement, Not Architecture

Moving towards a shared minimum understanding of regulatory governance need not begin with new structures. It can begin with agreement - about the governance principles upon which cooperating institutions depend, what those principles mean *in practice*, and the evidence that gives peers reasonable confidence that they are operating effectively.

For governing bodies, this reframes an existing responsibility: the institutions they govern do not operate in isolation, and the governance dependencies created by cooperation are part of the institutional risk picture that boards are already accountable for understanding.

How individual regulatory forums choose to give that understanding practical effect will differ. The appropriate arrangements should reflect their mandates, existing cooperation mechanisms and institutional context. What matters is that **the conversation begins with shared expectations** rather than shared structures - and that it begins before the cost of not having that conversation becomes impossible to ignore.

The question facing SADC's regulatory institutions is not whether to cooperate. They already do, and that cooperation will deepen as markets, technology and financial systems become more interconnected. The question is whether that cooperation will continue to depend largely on assumptions about the governance capability of peer institutions, or whether those expectations will become more explicit and demonstrable.

An MoU establishes the intent to cooperate. A shared minimum standard provides the common understanding that makes that cooperation capable of being trusted.

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