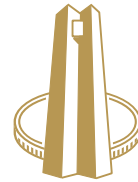


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SOUTH AFRICAN RESERVE BANK

Financial Stability Department

Media statement

Wednesday, 20 July 2022

Overview of the South African Reserve Bank's policy framework for the provision of emergency liquidity assistance to banks

The South African Reserve Bank (SARB) has published, a position paper titled 'Overview of the South African's policy framework for the provision of emergency liquidity assistance to banks'. The position paper is aimed at informing the public of the SARB's policy stance on the provision of emergency liquidity assistance (ELA) to banks.

The primary objective of the SARB is to protect the value of the currency in the interest of balanced and sustainable economic growth in South Africa. In addition, the SARB's mandate and function of protecting and enhancing financial stability in the Republic of South Africa is affirmed in the Financial Sector Regulation Act 9 of 2017 (FSR Act). In support of the SARB's financial stability mandate, the SARB may be required to provide ELA to financial institutions to assist them with overcoming periods of liquidity stress while continuing to perform their critical functions. In terms of section 11 of the FSR Act, the SARB is responsible for protecting and enhancing financial stability in normal times or, when a systemic event has occurred or is imminent, restoring or maintaining financial stability. The SARB Act¹ also provides for the SARB's functions as a lender of last resort.

The position paper provides an overview of the SARB's policy framework for the provision of ELA to banks in the interest of protecting financial stability. The policy framework of the SARB focuses on idiosyncratic requests for ELA by banks and provides for, among others, the criteria, legal requirements and collateral guidelines that should be in place to enable the efficient provision of ELA, when needed.

Issued by: **SARB Media Relations**
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¹ South African Reserve Bank Act 90 of 1989