

2003-01-08

**TO ALL BANKS, BRANCHES OF FOREIGN BANKS, MUTUAL BANKS AND
REPRESENTATIVE OFFICES OF FOREIGN INSTITUTIONS**

BANKS ACT CIRCULAR 1/2003

ANNUAL WITHDRAWAL AND RETENTION OF CIRCULARS

1. Executive Summary

In order –

(a) to ensure that banks, branches of foreign banks, mutual banks and representative offices of foreign institutions are in no doubt as to which administrative directives and guidelines regarding the application and interpretation of the provisions of the Banks Act, 1990 (Act No. 94 of 1990), as contained in circulars issued by this Office, are in force at a particular point in time; and

(b) to avoid an accumulation of ephemeral matter,

all circulars issued by this Office during a calendar year are withdrawn at the beginning of the next year through the medium of Banks Act Circular 1 of such next year: Provided that–

- (i) those of the circulars so withdrawn that should logically remain in force *in toto* will remain effective, with retention of their original numbers and dates; and
- (ii) where, notwithstanding such withdrawal of particular circulars, certain essential directives thereof remain applicable, such directives will be reissued in an abbreviated form in the said Banks Act Circular 1.

2. Withdrawal of Circulars Issued in 2002

In accordance with the procedure set out in paragraph 1 above, Banks Act Circulars 1/2002, 3/2002, 4/2002, 7/2002, 12/2002 are hereby withdrawn (see, however, paragraph 4 below).

3. Retention of Circulars Previously Issued

The circulars listed below remain effective until further notice. Accordingly, banks, branches of foreign banks, mutual banks, representative offices of foreign banking institutions (where applicable) and their respective independent auditors, are hereby requested to retain copies of these circulars.

	<u>Circular</u>	<u>Brief Details</u>
3.1	Banks Act Circular 3/98	Objective criteria for the assessment of the acceptability an auditing firm as auditor of a regulated institution.
3.2	Banks Act Circular 4/98	Risk weighting of mortgage loans in terms of regulation 23(6) of the Regulations relating to Banks and of the Regulations relating to Mutual Banks.
3.3	Banks Act Circular 7/98	Risk weighting of mortgage loans as from 1 October 1998.
3.4	Banks Act Circular 11/98	Insurance policies pledged as security for debt.
3.5	Banks Act Circular 2/99	Reporting of capital-adequacy requirements by banks trading in financial instruments.
3.6	Banks Act Circular 12/99	Introduction of on-site reviews.
3.7	Banks Act Circular 13/99	Ethical behaviour in banking.
3.8	Banks Act Circular 5/2000	Position statement on personal account trading.
3.9	Banks Act Circular 7/2000	Electronic submission of amended statutory DI returns to this Office by banks and branches of foreign banks.
3.10	Banks Act Circular 8/2000	Submission of daily trading book activities to this Office trading in financial instruments.
3.11	Banks Act Circular 10/2000	Preference share investment schemes.
3.12	Banks Act Circular 2/2001	Completion of a compliance checklist.
3.13	Banks Act Circular 3/2001	Accounting Statement AC 133: Financial Instruments: recognition and measurement.
3.14	Banks Act Circular 8/2001	Use of divisional names.
3.15	Banks Act Circular 10/2001	Percentage of the average daily amount of a bank's or mutual bank's Reserve Bank notes and subsidiary coin that may be taken in consideration for purposes of the calculation of the minimum reserve balance as contemplated in terms of section 10A of the South African Reserve Bank Act, 1989.
3.16	Banks Act Circular 12/2001	Preference share investment schemes.
3.17	Banks Act Circular 13/2001	Electronic submission of amended capital-adequacy ratio requirement DI returns to this Office by banks and branches of foreign banks.
3.18	Banks Act Circular 14/2001	Electronic submission of amended capital-adequacy ratio requirement DI returns to this Office by mutual banks.
3.19	Banks Act Circular 15/2001	Expansion of scope of on-site bank examination.
3.20	Banks Act Circular 2/2002	Procedure to be followed in the respect of applications in terms of the provision of section 37, 52 and/or 54 of the Banks Act.
3.21	Banks Act Circular 5/2002	Implementation of the New Basel Accord.

- | | | |
|------|----------------------------|---|
| 3.22 | Banks Act Circular 6/2002 | Requirements for completion of the statement and declaration of the: <ul style="list-style-type: none"> • Form DI 020 of the Regulations relating to Banks and the Regulations relating to Mutual Banks, and • of the form RO 003 and RO 004 of the Regulations relating to Representative Offices of Foreign Banking Institutions. |
| 3.23 | Banks Act Circular 8/2002 | Applications in terms of the provisions of section 37, 52 and/or 54 of the Banks Act. |
| 3.24 | Banks Act Circular 9/2002 | Accounting treatment of operational cost: cost-to-income ratio. |
| 3.25 | Banks Act Circular 10/2002 | Disclosure of repurchase and resale agreements and similar transactions. |
| 3.26 | Banks Act Circular 11/2002 | Electronic submission of amended DI returns to provide for the regulatory and supervisory treatment of credit risk-mitigation instruments, including credit-derivative instruments, to this Office by banks and branches of foreign banks. |
| 3.27 | Banks Act Circular 13/2002 | Implementation of anti-money-laundering measures. |

Mutual banks and their independent auditors are furthermore requested to retain copies of Mutual Banks Act Circular 1/96, regarding amendments to the form DI 310 of the Regulations relating to Mutual Banks, and of Mutual Banks Act Circular 1/97, regarding electronic submission of statutory DI returns to this Office by mutual banks.

4. Reissue of Essential Directives

The following essential directives are hereby reissued:

- 4.1 Notwithstanding the withdrawal of DI Circular 6/91 (Activities of deposit taking institutions outside the Republic), banks are still required to furnish this Office with copies of -
 - (a) all correspondence between themselves and foreign supervisory authorities.
- 4.2 Notwithstanding the withdrawal of Banks Act Circular 9/95 (Guidelines in respect of form DI 020), the guidelines contained in the circular are retained.
- 4.3 Notwithstanding the withdrawal of Banks Act Circular 8/96 (Foreign-exchange settlement risk), the essential directives contained in paragraphs 1, 2 and 3 of the circular are retained.
- 4.4 Notwithstanding the withdrawal of the requirement that written confirmation be forwarded to this Office by 30 November 1996 contained in paragraph 4 of Banks Act Circular 12/96 (Information technology – "the year 2000" challenge), the remainder of the circular is retained.

- 4.5 Notwithstanding the withdrawal of Banks Act Circulars 4/97 (Information submitted on the form DI 900 to be made available on the Internet), 6/97 (Warning against syndicate-perpetrated fraud) and 9/97 (Warning against advance fee fraud), the essential directives contained in the said circulars are retained.
- 4.6 Notwithstanding the withdrawal of Banks Act Circular 6/99 (Preference share investment schemes), the essential directives pertaining to preference share investment schemes shall be read with circular 10/2000 (Preference share investment schemes).
- 4.7 Notwithstanding the withdrawal of Banks Act Circular 10/99 (Liquid assets held in compliance with section 72 of the Banks Act, and section 50 of the Mutual Banks Act), the essential directives pertaining to liquid assets held in compliance with section 50 of the Mutual Banks Act are retained.

5. Acknowledgement of Receipt

Two additional copies of this circular are enclosed for the use of your institution's independent auditors. The attached acknowledgement of receipt, duly completed and signed by both the chief executive officer of the institution and the said auditors, should be returned to this Office at the earliest convenience of the aforementioned signatories.

C F Wiese
Registrar of Banks

The previous circular issued was Banks Act Circular 13/2002 dated 11 December 2002.