

2004-02-27

**TO ALL CHIEF EXECUTIVE OFFICERS OF BANKS, BRANCHES OF FOREIGN  
BANKS AND MUTUAL BANKS**

**BANKS ACT CIRCULAR 2/2004**

**FIRST CONSULTATIVE PAPER ON THE IMPLEMENTATION OF THE NEW  
BASEL CAPITAL ACCORD (“BASEL II”)**

Banks Act Circular 14/2003 provided the initial thoughts of the Bank Supervision Department (“BSD”) on the implementation of the new Basel Capital Accord (“Basel II”). The circular referred to a series of comprehensive consultative papers, the first of which is attached in Annexure A.

The first consultative paper sets out, *inter alia*, the BSD’s position on the scope of application of Basel II in South Africa, and deals with various technical aspects pertaining to credit risk. The consultative paper further provides BSD’s views on certain items of national discretion, and concludes with the proposed next steps.

Interested parties are required to submit their comments on the first consultative paper to the BSD by no later 30 April 2004. Comments and queries are to be submitted for the attention of Mr. Jay Tikam at [Jay.Tikam@resbank.co.za](mailto:Jay.Tikam@resbank.co.za) or by fax at (012) 313 3758.

**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.

E M Kruger  
**Registrar of Banks**

The previous circular issued was Banks Act Circular 1/2004 dated 26 February 2004.