



**South African Reserve Bank**

FROM THE OFFICE OF  
THE REGISTRAR OF BANKS

CONFIDENTIAL

2006-04-07

**TO ALL BANKS, BRANCHES OF FOREIGN BANKS AND MUTUAL BANKS**

**BANKS ACT CIRCULAR 3/2006**

**REVISION OF THE BASEL CORE PRINCIPLES FOR EFFECTIVE BANKING SUPERVISION**

## **1. Introduction**

This circular serves to inform all reporting banks that the Basel Committee on Banking Supervision ("Basel Committee") has issued for public comment an updated version of its Core Principles for Effective Banking Supervision and the Core Principles Methodology (collectively hereinafter referred to as the "Basel Core Principles").

The Basel Core Principles are acknowledged as *the* international standards for sound prudential regulation and supervision of banks.

## **2. Process followed in revising the Basel Core Principles**

The process of updating the Core Principles was initiated by the Basel Committee in late 2004. The Core Principles Liaison Group, a Basel Committee working group that regularly brings together senior representatives from Basel Committee member countries, non-G10 supervisory authorities, the IMF and the World Bank, and of which the Bank Supervision Department is a member, was actively involved in the revision process.

The updated Basel Core Principles are the result of not only intensive discussions within the Basel Committee working groups, but also incorporates the views of non-member supervisors, the International Association of Insurance Supervisors, the International Organization of Securities Commissions, the Financial Action Task Force and the Committee on Payment and Settlement Systems.

### 3. Public consultation

The updated Basel Core Principles are now available on the website of the Bank for International Settlements at <http://www.bis.org/press/p060406.htm>. The Basel Committee has invited comments on the documents and in this regard, this Office wishes to advise that in the event that your institution has any comments, these should be sent directly to this Office at [SARB-BANKSUP@resbank.co.za](mailto:SARB-BANKSUP@resbank.co.za) by no later than 26 May 2006, for the attention of Mr Eugene Bates.

This Office will submit consolidated comments to the Basel Committee.

### 4. 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 2/2006 dated 1 February 2006.