



South African Reserve Bank

From the Office of
the Registrar of Banks

Ref: 15/8/1

C6/2015

2015-09-02

To banks, branches of foreign institutions, controlling companies, eligible institutions and auditors of banks or controlling companies

Circular 6/2015 issued in terms of section 6(4) of the Banks Act 94 of 1990

Proposed amended Regulations relating to Banks

Executive summary

On 1 January 2013, South Africa implemented amended Regulations relating to Banks (Regulations) that incorporated, among other things, the minimum requirements set out in internationally agreed frameworks and standards finalised by international standard-setting bodies.

Subsequently the Basel Committee on Banking Supervision (Basel Committee) issued various further or revised requirements impacting the regulation and supervision of banks and banking groups. Furthermore, the legal framework in terms of which the Bank Supervision Department (BSD) of the South African Reserve Bank regulates and supervises banks and banking groups is subject to ongoing assessment and review. Appropriate amendments are effected in areas of incompleteness or non-comparability.

In order to ensure that the regulatory framework for banks and banking groups remains relevant and current, the BSD issued draft 1 of the proposed amended Regulations relating to Banks (amended Regulations) for comment.

All interested persons are invited to submit comments in respect of draft 1 of the proposed amended Regulations to SARB-banksup@resbank.co.za, for the attention of Mr Hugo Stark, no later than 30 September 2015.

1. Introduction

1.1 On 1 January 2013, South Africa implemented amended Regulations that incorporated, among other things, the minimum requirements set out in internationally agreed frameworks and standards issued by international standard-setting bodies such as the Basel Committee, including the respective requirements specified in the Basel III framework.

- 1.2 Subsequently the Basel Committee and other standard-setting bodies issued various requirements impacting the regulation and supervision of banks and banking groups, including:
- 1.2.1 Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools;¹
 - 1.2.2 Monitoring tools for intraday liquidity management;²
 - 1.2.3 Basel III leverage ratio framework and disclosure requirements;³
 - 1.2.4 Liquidity coverage ratio disclosure standards;⁴ and
 - 1.2.5 Liquidity Coverage Ratio and restricted-use committed liquidity facilities.⁵
- 1.3 Furthermore the Basel Committee implemented a comprehensive Regulatory Consistency Assessment Program (RCAP) to monitor, assess and evaluate the implementation by member jurisdictions of the respective frameworks (Basel II, Basel 2.5 and Basel III) issued by the Basel Committee. One of the key objectives of the RCAP is to promote full, timely and consistent implementation of the respective Basel frameworks by member jurisdictions.
- 1.4 The legal framework in terms of which the BSD regulates and supervises banks and banking groups is subject to ongoing assessments and reviews, which include assessments such as the Financial Sector Assessment Program (FSAP) jointly conducted by the International Monetary Fund (IMF) and the World Bank, and the Basel Committee's RCAP. It is expected of supervisory authorities to appropriately amend any area of incompleteness or non-comparability.
- 1.5 During 2014 and the first quarter of 2015 an RCAP assessment was conducted in respect of South Africa's adoption and implementation of the Basel II, Basel 2.5 and Basel III frameworks issued by the Basel Committee.

Although the Assessment Team found the South African prudential regulations to be compliant with all the respective components and standards prescribed under the Basel frameworks, areas that require refinement or amendment were also identified during the RCAP process.⁶

- 1.6 In order to ensure that the regulatory framework for banks and banking groups remains relevant and current, the BSD previously informed all relevant persons that it commenced with its formal processes to amend the regulatory and supervisory framework in accordance with the latest internationally agreed regulatory and supervisory standards.

¹ Available here: <https://www.bis.org/publ/bcbs238.htm>

² Available here: <https://www.bis.org/publ/bcbs248.htm>

³ Available here: <https://www.bis.org/publ/bcbs270.htm>

⁴ Available here: <https://www.bis.org/publ/bcbs272.htm>

⁵ Available here: <https://www.bis.org/publ/bcbs274.htm>

⁶ Reports are available here:

Assessment of Basel III risk-based capital regulations <https://www.bis.org/bcbs/publ/d322.pdf> and
Assessment of Basel III LCR regulations <https://www.bis.org/bcbs/publ/d323.pdf>

2. Proposed amended Regulations relating to Banks

- 2.1 On 1 September 2015, the BSD issued draft 1 of the proposed amended Regulations relating to Banks,⁷ for comment.
- 2.2 All interested persons are required to submit comments in respect of draft 1 of the proposed amended Regulations to SARB-banksup@resbank.co.za, for the attention of Mr Hugo Stark, no later than 30 September 2015.

3. Acknowledgement of receipt

- 3.1 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 and the said auditors, must be returned to this Office at the earliest convenience of the aforementioned signatories.



Registrar of Banks

The previous circular issued was Banks Act Circular 5/2015, dated 20 May 2015.

⁷ Available here:

<http://www.resbank.co.za/publications/detail-item-view/pages/publications.aspx?sarbweb=3b6aa07d-92ab-441f-b7bf-bb7dfb1bedb4&sarblast=21b5222e-7125-4e55-bb65-56fd3333371e&sarbitem=6864>