



South African Reserve Bank

From the Office of  
the Registrar of Banks

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

**Circular 1/2016 issued in terms of section 6(4) of the Banks Act, 1990:**

**Status of previously issued circulars**

### **Executive Summary**

In order to ensure that banks (including branches of foreign institutions), controlling companies, eligible institutions and auditors of a bank or controlling company are in no doubt as to which previously issued circulars remain effective, this Office will annually confirm their status.

Addressees should note that contrary to the process whereby the status of circulars are annually confirmed, directives issued in terms of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990 – the Banks Act), remain effective until such time that they are withdrawn in writing by the Registrar of Banks (the Registrar) in terms of section 6(6)(c) of the Banks Act.

## **1. Introduction**

- 1.1 All previously issued circulars are deemed to be withdrawn/terminated/replaced except if such a circular is to remain effective and is then accordingly confirmed in Circular 1 of that year. The circulars that remain effective will retain their original numbers and dates.

## **2. Effective Circulars issued in terms of the Banks Act, 1990**

The circulars listed below remain effective. Accordingly, banks, controlling companies, eligible institutions and auditors of a bank or controlling company are hereby requested to retain a copy of these circulars.

### **Circular**

### **Brief Details**

- 2.1 Banks Act Circular 2/2011 Eligible credit assessment institutions approved by the Registrar of Banks

- 2.2 Banks Act Circular 3/2011 The use of mapping tables by banks, controlling companies and branches of foreign institutions converting national scale ratings to international scale ratings for the calculation of minimum required capital and reserve funds related to credit risk
- 2.3 Banks Act Circular 3/2013 Interpretation and application of criteria relating to effective maturity
- 2.4 Banks Act Circular 4/2013 Treatment of investments in banking, financial, securities, insurance and commercial entities
- 2.5 Banks Act Circular 5/2013 Reporting of items subject to thresholds that do not constitute a full deduction from qualifying capital and reserve funds
- 2.6 Banks Act Circular 6/2013 Matters related to conditions for the issue of instruments or shares, the proceeds of which rank as Tier 2 capital
- 2.7 Banks Act Circular 2/2014 Interpretation of definition of default as outlined in regulation 67 of the Regulations relating to Banks
- 2.8 Banks Act Circular 3/2014 Interpretation and application of criteria relating to the granularity for retail exposures
- 2.9 Banks Act Circular 4/2014 Interpretation and application of criteria relating to exposures secured by residential mortgage bonds
- 2.10 Banks Act Circular 5/2014 Disclosure of capital-related information
- 2.11 Banks Act Circular 6/2014 Interpretation of specified conditions for the issuing of instruments or shares which rank as additional tier 1 capital and tier 2 capital
- 2.12 Banks Act Circular 7/2014 External auditors of newly acquired or established entities
- 2.13 Banks Act Circular 3/2015 Matters related to specified minority interests, that is, non-controlling interests, in shares and/or instruments qualifying as capital
- 2.14 Banks Act Circular 4/2015 Matters related to banks' compliance with the prescribed requirements related to the liquidity coverage ratio (LCR) and high-quality liquid assets (HQLA)
- 2.15 Banks Act Circular 5/2015 Matters related to the use of support in a bank's credit risk rating process
- 2.16 Banks Act Circular 6/2015 Proposed amended Regulations relating to Banks

- 2.17 Banks Act Circular 7/2015 Proposed amended Regulations relating to Banks
- 2.18 Banks Act Circular 8/2015 Countercyclical capital buffer for South Africa based on the Basel III framework
- 2.19 Banks Act Circular 9/2015 Proposed amended Regulations relating to Banks
- 2.20 Banks Act Circular 1/2016 Status of previously issued circulars

### **3. Effective Directives**

Section 6(6)(a) of the Banks Act prescribes that this Office may, after consultation with the relevant bank, controlling company, eligible institution or auditor of a bank or controlling company, issue a directive to such a bank, controlling company, eligible institution or auditor of a bank or controlling company, either individually or collectively, regarding the application of the Banks Act.

This Office issued a number of directives in terms section 6(6)(a) of the Banks Act. It is hereby confirmed that all such issued directives will remain effective until such time as they are withdrawn in writing by the Registrar in terms of section 6(6)(c) of the Banks Act.

<b><u>Directive</u></b>	<b><u>Brief Details</u></b>
3.1 Directive 1/2008	Use of divisional names
3.2 Directive 2/2008	Procedure to be followed in respect of applications in terms of the provisions of sections 37, 52 and/or 54 of the Banks Act, 1990
3.3 Directive 3/2008	Appointment of directors or executive officers and completion of Form BA 020
3.4 Directive 4/2008	Disclosure of repurchase and resale agreements and similar transactions
3.5 Directive 5/2008	Composition of board-appointed committee to approve large exposures
3.6 Directive 6/2008	Auditor rotation
3.7 Directive 1/2011	Matters relating to securitisation vehicles
3.8 Directive 2/2011	Reporting daily value-at-risk amounts for market risk using specified items of the form BA 325
3.9 Directive 5/2011	Exemption from certain minimum disclosure requirements pertaining to branches of foreign institutions

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|------|-------------------|--|
| 3.10 | Directive 1/2012  | Information to be included in applications in terms of the Securitisation Notice – Designation of an activity not falling within the meaning of “the business of a bank” (Securitisation Notice)         |
| 3.11 | Directive 1/2013  | Matters related to qualifying capital instruments issued by subsidiaries of banks or controlling companies   |
| 3.12 | Directive 3/2013  | Matters related to capital floors  |
| 3.13 | Directive 4/2013  | Matters related to transitional arrangements relating to the surplus capital of a subsidiary attributable to third parties   |
| 3.14 | Directive 5/2013  | Capital framework for South Africa based on the Basel III framework  |
| 3.15 | Directive 7/2013  | Matters related to locational statistics based on residence and nationality (form BA 940)  |
| 3.16 | Directive 9/2013  | Investments, and loans and advances by controlling companies: Section 50 of the Banks Act, 1990  |
| 3.17 | Directive 10/2013 | Limit in respect of effective net open foreign-currency position, and matters related to the unencumbered assets to be held by branches of foreign institutions.   |
| 3.18 | Directive 11/2013 | Operational risk practices – completion and submission of the BA 410 return  |
| 3.19 | Directive 12/2013 | Mapping of the international scale rating symbols of Fitch Ratings and Moody’s Investors Service to the prescribed risk weights available in terms of regulation 23 of the Regulations relating to banks |
| 3.20 | Directive 13/2013 | Clarification of the requirements for approval of the acquisition of “an interest” outside the Republic as provided for in section 52(1)(c) of the Banks Act, 1990 (Act No. 94 of 1990)                  |
| 3.21 | Directive 1/2014  | Matters related to assets lodged or pledged to secure liabilities  |
| 3.22 | Directive 2/2014  | Matters related to changes to internal rating systems used to calculate the minimum required capital for credit risk   |
| 3.23 | Directive 3/2014  | Process in respect of specific capital issuances and redemptions   |
| 3.24 | Directive 4/2014  | Matters related to the Basel III leverage ratio framework and disclosure requirements  |

3.25	Directive 5/2014	Matters related to transfers from retained earnings, appropriated profits and qualifying reserve funds
3.26	Directive 6/2014	Matters related to liquidity risk and the liquidity coverage ratio
3.27	Directive 7/2014	National discretion related to the liquidity coverage ratio
3.28	Directive 8/2014	Matters related to compliance with the liquidity coverage ratio (LCR)
3.29	Directive 11/2014	Liquidity coverage ratio: Scope of application and related disclosure requirements
3.30	Directive 1/2015	Minimum requirements for the recovery plans of banks, controlling companies and branches of foreign institutions
3.31	Directive 2/2015	Effective risk data aggregation and risk reporting
3.32	Directive 3/2015	Matters related to the composition of Pillar 3 capital disclosure requirements
3.33	Directive 4/2015	Amendments to the Regulations relating to Banks, and matters related thereto
3.34	Directive 5/2015	Capital requirements for over-the-counter derivatives not transacted through a central counterparty
3.35	Directive 6/2015	Matters related to liquidity risk and the liquidity coverage ratio
3.36	Directive 7/2015	Restructured credit exposures
3.37	Directive 8/2015	Reporting requirements relating to material outsourced service providers and critical third-party service providers
3.38	Directive 9/2015	Approval and mapping of the international scale rating symbols of Global Credit Rating Co. (Pty) Ltd to the prescribed risk weights available in terms of regulation 23 of the Regulations relating to Banks
3.39	Directive 10/2015	Matters related to changes to the AMA operational risk management and measurement system used for the calculation of required capital for operational risk
3.40	Directive 11/2015	Matters related to revised Pillar 3 disclosure requirements

#### **4. Acknowledgement of Receipt**

- 4.1 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.



René Van Wyk  
**Registrar of Banks**

The previous circular issued was Banks Act Circular 9/2015, dated 9 December 2015.