



Confidential

2008-05-07

D4/08

TO ALL BANKS, CONTROLLING COMPANIES AND BRANCHES OF FOREIGN BANKS

**DIRECTIVE 4/2008 ISSUED IN TERMS OF SECTION 6(6) OF THE BANKS ACT, 1990:
DISCLOSURE OF REPURCHASE AND RESALE AGREEMENTS AND SIMILAR
TRANSACTIONS**

EXECUTIVE SUMMARY

Banks Act Circular 6/2007 dated 14 November 2007 regarding consultation with banks, controlling companies and branches of foreign banks in respect of directives, circulars and guidance notes refers.

The Regulations relating to Banks (the Regulations) makes provision for the disclosure of all repurchase, resale and/or similar transactions. In order to maintain a level playing field within the industry, this Office deems it necessary to issue this directive to ensure that all banking institutions comply with the disclosure requirements provided for in the Regulations.

1. Introduction

The amended Regulations provides for the disclosure and reporting of any "repurchase agreement or transaction" and/or "resale agreement or transaction". All banking institutions need to ensure that they comply with the provisions of the Regulations.

2. Regulations reference

Any transaction falling within the definition of either a "repurchase agreement or transaction" or a "resale agreement or transaction" prescribed in regulation 65 of the Regulations shall be reported on the form BA 100 in accordance with the directives related to such agreements irrespective whether such agreements are referred to as "carry" transactions, be they inward, outward or otherwise termed.

3. Directive

A bank shall report on the form BA 100 any transaction falling within the definition of either a "repurchase agreement or transaction" or a "resale agreement or transaction" prescribed in the Regulations.

The non-disclosure by certain banks of transactions that fall within the afore-mentioned definitions is not only a contravention of the Regulations but it may also materially affect a bank's prudential requirements including, *inter alia*, the capital-adequacy requirement, minimum liquid asset holdings and the minimum reserve-balance requirement and lead to unlevel playing fields within the banking sector.

4. Acknowledgement of receipt

Two additional copies of this directive 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 directive issued was Directive 3/2008 dated 7 May 2008.