



South African Reserve Bank

From the Office of
the Registrar of Banks

D8/2013

2013-06-07

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

Directive 8/2013 issued in terms of section 6(6) of the Banks Act, 1990

Matters related to the composition of Pillar 3 capital disclosure requirements

Executive summary

The Office of the Registrar of Banks (this Office) hereby informs all relevant persons of matters related to the composition of Pillar 3 capital disclosure requirements to ensure that banks and controlling companies fully comply with the requirements contained in the document issued by the Basel Committee on Banking Supervision (BCBS) on 30 June 2012, entitled "Composition of Capital Disclosure Requirements" (the rules text).

1. Introduction

This directive specifies the application of the composition of Pillar 3 capital disclosure requirements relating to:

- 1.1 location and archive period;
- 1.2 disclosure template;
- 1.3 reconciliation requirements;
- 1.4 main features template; and
- 1.5 implementation date and frequency.

2. Directive related to location and archive period

- 2.1 Banks and controlling companies are hereby directed to publish the composition of their capital disclosures on their websites as part of their disclosures in terms of regulation 43 of the Regulations relating to Banks (the Regulations). These disclosures shall either be included in banks' and controlling companies' published financial statements or, as a minimum, their financial statements shall provide a direct link to the complete disclosures on their websites.

- 2.2 Banks and controlling companies shall also make available on their websites an archive of all Basel III capital disclosure templates relating to the reporting periods after the implementation of these disclosure requirements. The archive period shall be aligned to the archive period specified in the relevant legislation related to annual financial statements issued from time to time, but which period shall not be less than five years.

3 Directive related to the disclosure template

- 3.1 This Office hereby directs banks and controlling companies to use the disclosure template attached hereto as Annexure A (Basel III capital disclosure template), during the transitional period for the purpose of providing a breakdown of their regulatory capital composition, which template shall be completed based on the amended Regulations that were implemented on 1 January 2013.
- 3.2 Banks and controlling companies are directed not to add, delete or change the definition of any row from the template and to report a value of zero for the line items that are not applicable.

4. Directive related to reconciliation requirements

- 4.1 Banks and controlling companies shall follow a three-step approach as outlined in the rules text, paragraphs 10 to 26, to disclose the information as per the requirements of regulation 43(2)(c)(ii)(B)(vi) of the Regulations, related to the full reconciliation between all instruments and reserves qualifying as capital and reserve funds, and the balance sheet in the audited financial statements.

5. Directive related to the main features template

- 5.1 This Office hereby directs banks and controlling companies to use Annexure B (main features template) to comply with the disclosure requirements set out in regulation 43(2)(c)(ii)(A)(i) of the Regulations on main features, terms and conditions of all relevant capital instruments issued.

6. Directive related to implementation date and frequency

- 6.1 Banks and controlling companies are directed to comply with the composition of capital disclosure requirements from the date of publication of their first set of financial statements or interim financial statements on or after 30 June 2013.
- 6.2 In addition to the current regulation 43 disclosure requirements, banks and controlling companies shall comply with the following requirements:
- 6.2.1 The required capital disclosure template shall be disclosed on a semi-annual basis.

- 6.2.2 The required main features template report shall be disclosed (a) semi-annually; or (b) whenever capital instruments are issued and included in qualifying capital and reserve funds; or (c) whenever there is a redemption, conversion, write-down or other material change in the nature of an existing capital instrument. The main features template shall be updated and be made available to the public at the end of the relevant month during which the above-mentioned amendments to qualifying capital and reserve funds were effected.
- 6.2.3 The required reconciliation between all instruments and reserves qualifying as capital and reserve funds shall be disclosed on an annual basis.

7. Acknowledgment of receipt

- 7.1 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.



René van Wyk
Registrar of Banks

The previous directive issue was Directive 7/2013, dated 23 May 2013.

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