



South African Reserve Bank

From the Office of
the Registrar of Banks

D11/2013

2013-07-18

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

Directive 11/2013 issued in terms of section 6(6) of the Banks Act, 1990

Operational risk practices – completion and submission of the BA 410 return

Executive summary

The purpose of this directive is to (i) direct banks, branches of foreign institutions and controlling companies (hereinafter collectively referred to as 'banks') in respect of specified matters regarding the completion and submission of the six-monthly operational risk BA 410 return and (ii) ensure consistency in terms of operational risk reporting across the South African banking industry. This directive does not relate to banks' internally agreed processes and thresholds.

1. Introduction

- 1.1 Regulation 34(2) of the Regulations relating to Banks (the Regulations) sets out the purpose of the BA 410 return for a bank that adopted the advanced measurement approach (AMA) for the calculation of its required amount of capital and reserve funds in respect of operational risk.
- 1.2 In addition, as part of its supervisory process, this Office requested banks that adopted the standardised approach (TSA) and the alternative standardised approach (ASA) for the calculation of their required amount of capital and reserve funds in respect of operational risk to also complete and submit the BA 410 return.

2. Line items 1 to 63 of the BA 410 return

- 2.1 In accordance with the provisions of regulation 34(3) of the Regulations relating to items 1 to 63, banks are hereby directed to apply a minimum gross loss threshold amount of R10 000 for reporting purposes.

3. Line items 64 to 75 of the BA 410 return

- 3.1 In accordance with the provisions of regulation 34(3) of the Regulations relating to items 64 to 75, banks are hereby directed to apply a gross loss threshold amount of R5 million for reporting material operational risk losses, that is, banks shall report in the relevant line items any specific loss that exceeds R5 million. Banks may, after consultation with this Office, use a lower threshold should they so wish.

4. Acknowledgement of receipt

- 4.1 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 issued was Directive 10/2013, dated 25 June 2013.