



South African Reserve Bank

From the Office of
the Registrar of Banks

Ref: 15/8/3

D2/2015

2015-02-25

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

Directive 2/2015 issued in terms of section 6(6) of the Banks Act 94 of 1990

Effective risk data aggregation and risk reporting

Executive summary

Regulation 39 of the Regulations relating to Banks (the Regulations) requires banks, controlling companies and branches of foreign institutions (hereinafter collectively referred to as ‘banks’) to establish and maintain a robust process of corporate governance. This process includes the maintenance of effective risk management and capital by a bank. In order to achieve the objective relating to the maintenance of effective risk management and capital, every bank is required to have in place comprehensive risk management processes, practices and procedures, and board-approved policies.

The purpose of this directive is to require banks to implement robust risk management practices that include specified matters related to risk data aggregation and risk reporting.

1. Introduction

1.1 The Principles for Effective Risk Data Aggregation and Risk Reporting¹ (the Principles) were issued by the Basel Committee on Banking Supervision (BCBS) in January 2013. The Principles aim to strengthen banks’ risk management practices by improving their risk data aggregation and risk reporting. It is anticipated that complying with the Principles will improve banks’ ability to provide rapid and comprehensive risk data by legal entity and business line, which will ultimately enhance banks’ decision-making processes and improve their resolvability.

¹ See <http://www.bis.org/publ/bcbs239.pdf>.

- 1.2 The Principles were specifically addressed to global systemically important banks (G-SIBs) and apply not only at a group level, but also to all material business units or entities within the G-SIB group. National supervisors may nevertheless choose to apply the Principles to all banks in their jurisdiction.
- 1.3 Following the issuance of guidance note 3 of 2014 and the completion of the self-assessment against the Principles by banks, this Office has decided to adopt the Principles as an integral part of its regulatory and supervisory framework.

2. Directive

Based on the aforesaid, and in accordance with the provisions of section 6(6) of the Banks Act, 1990:

- 2.1 domestic systemically important banks (D-SIBs) are hereby directed to comply with the Principles from 1 January 2017 onwards;
- 2.2 banks that fall under a controlling company or bank that has been designated as a G-SIB are directed to comply with the due date specified by the BCBS for G-SIBs; and
- 2.3 the effective due date for compliance with the high-level Principles and any specified detailed requirements by non-D-SIBs shall be considered on a case-by-case basis and shall be agreed and confirmed in writing by this Office with each relevant non-D-SIB individually.

3. 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.



René van Wyk
Registrar of Banks

The previous directive issued was Directive 1/2015, dated 04 February 2015.