



Ref.:15/8/1/3

D4/2026

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

Directive issued in terms of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990)

Matters related to securitisation vehicles

Executive summary

The purpose of this Directive is to direct issuer special purpose institutions (SPI) on the information required in terms of Directive 1 of 2012, dated 23 January 2012, and the declaration required to be provided to the Prudential Authority (PA). Furthermore, this Directive requires that the auditor as appointed by the issuer SPI – as prescribed in paragraph 15(1)(a) of Government Notice No. 2 (the Securitisation Exemption Notice), published in *Government Gazette* No. 30628, dated 1 January 2008 – includes the verification of the information specified in form BA 501 in the scope of work to be done as part of the SPI's annual auditing process.

This Directive replaces Directive 4 of 2017, dated 27 September 2017, with effect from 1 August 2026.

1. Introduction

- 1.1. The 2007–2008 global financial crisis (GFC) revealed certain risks in some securitisation structures, which necessitated the PA requiring additional risk information to enhance its understanding of the risks in the South African securitisation market. The GFC revealed insufficient transparency regarding underlying asset performance, credit deterioration and risk concentrations.
- 1.2. The PA authorises issuer SPIs to issue commercial paper pursuant to a securitisation scheme in terms of the Securitisation Exemption Notice. Thereafter, sufficient follow-up should be done to monitor the performance of the issuer SPI.
- 1.3. The purpose of this Directive is to enhance monitoring by the PA of the risks arising from securitisation schemes by updating the reporting requirements in respect of issuer SPIs as required by Directive 1 of 2012¹ (D1/2012). D1/2012 requires issuer SPIs to provide the PA with specified information.
- 1.4. Over the years, the assessment and monitoring of credit and liquidity risks in banks and issuer SPIs have evolved. This is evidenced by, for example, the replacement

¹ Available online at: [Directive 1 of 2012 - Information to be included in applications in terms of the Securitisation Notice](#)

of International Accounting Standard (IAS) 39 with International Financial Reporting Standard (IFRS) 9, supplemented by IFRS 7, which replaced IAS 30 and carried forward the disclosure requirements of IAS 32. Equally the regulatory requirements have been enhanced in the Regulations relating to Banks (Regulations), aligned to the Basel III post-crisis reforms.

- 1.5. To align with the latest regulatory requirements and accounting standards for better analysis of the information received, the PA has updated the form BA 501 to be completed by issuer SPIs on a half-yearly basis.

2. Directive

- 2.1. Based on the aforesaid, and in accordance with the provisions of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990), banks and issuer SPIs are directed to:

- 2.1.1. submit the required information² to the PA, via the Umoja system³ in accordance with the respective requirements specified in the link below, read with the relevant requirements specified in the Regulations:

<https://www.resbank.co.za/en/home/what-we-do/Prudentialregulation/banks-returns-umoja>

- 2.1.2. submit the stated information to the PA on a six-monthly basis,⁴ based on a calendar year (i.e. end-June and end-December of each year);

- 2.1.2.1. for issuer SPIs with year-ends other than June or December, submit to the PA an additional form BA 501 based on the issuer SPI's year-end; and

- 2.1.3. provide the PA with a duly completed, signed and certified declaration by an independent issuer SPI director or trustee and, where applicable, the Chief Financial Officer of the bank, controlling company or branch of the foreign institution, using the specified link referred to in paragraph 2.1.1.

- 2.2. As part of the annual auditing process, the appointed auditor is hereby directed to include the verification of form BA 501 in the scope of work to be done in terms of the Regulations, read with the Securitisation Exemption Notice.

- 2.3. The following applies in the context of the information required:

- 2.3.1. The primary classification categories for purposes of this Directive shall be: (i) portfolio credit impairments comprising stage 1 and stage 2;⁵ (ii) specific credit impairments (stage 3); and (iii) defaulted exposures as prescribed in the Regulations.

- 2.3.2. When an issuer SPI does not apply the general approach as provided for under IFRS 9, the following classification shall apply: i) current;⁶ ii) 31–60 days past due;

² Information in respect of such securitisation scheme for which approval has been obtained from the PA, in terms of the relevant exemption notices, to issue commercial paper.

³ The Umoja system is a digital interface between the PA and regulated institutions aimed at providing a more integrated, efficient and transparent operating model.

⁴ The form BA501 must be submitted to the PA within 30 business days immediately following the period to which the specified statement and return relate.

⁵ References to staging refers to the process of categorising exposures into the three IFRS 9 stages.

⁶ Current is defined as 0 to 30 days past due.

iii) 61–90 days past due; and iv) defaulted exposures as prescribed in the Regulations.

2.3.3. The said classification shall follow the approved accounting policy of the issuer SPI.

2.4. Scope of application

2.4.1. Whenever the PA approves a securitisation structure which includes the establishment of an SPI, the PA includes conditions of approval. As part of those conditions, the PA requires all relevant SPIs to comply with the relevant updated Directives issued.

2.4.2. The reporting requirements apply to all issuer SPIs of traditional or synthetic securitisation schemes that are authorised by the PA to issue commercial paper in terms of the relevant securitisation exemption notices.

2.4.3. This Directive replaces Directive 4 of 2017, dated 27 September 2017, with effect from 1 August 2026.

3. Acknowledgement of receipt

3.1. Kindly ensure that a copy of this Directive is made available to your institution's external auditors. In addition, 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 the PA at the earliest convenience of the signatories.

Fundi Tshazibana
Chief Executive Officer

Date:

The previous Directive issued was Directive 3/2026, dated 19 June 2026.