

Ref.: 15/8/1/3

D3/2026

To: All 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)

Revised requirements related to interest rate risk in the banking book

Executive summary

On 16 July 2024, the Basel Committee on Banking Supervision (BCBS) published adjustments to the interest rate shocks specified in its previously issued standard related to interest rate risk in the banking book (IRRBB).

On 31 October 2025, the Prudential Authority (PA) informed banks, controlling companies, branches of foreign institutions, eligible institutions and auditors of banks or controlling companies (hereinafter collectively referred to as ‘interested persons’) that it decided to commence with the process of converting selected regulations in the Regulations relating to Banks (Regulations) into Prudential Standards by recommending to the Minister of Finance and National Treasury (NT) the deletion of the detailed requirements contained in regulation 30 of the Regulations dealing with IRRBB.

In this regard, the PA also informed interested persons that it will incorporate the updated standard issued by the BCBS related to IRRBB, including the recalibrated shocks, into a proposed Directive and a subsequent final Directive would be issued in terms of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990) (Banks Act), to be implemented with effect from 1 July 2026.

1. Introduction

- 1.1 On 16 July 2024, the BCBS published adjustments to the interest rate shocks specified in its previously issued standard related to IRRBB.^{1, 2}
- 1.2 As a member of the BCBS, South Africa remains committed to the full and consistent implementation of all relevant frameworks, standards or requirements issued by the BCBS for implementation by member jurisdictions.

¹ Available online at [Recalibration of shocks for interest rate risk in the banking book](#).

² Available online at [Interest rate risk in the banking book](#).

- 1.3 As such, on 31 October 2025, the PA informed interested persons via a proposed Directive issued in terms of section 6(6) of the Banks Act to note the following:³
- 1.3.1 the PA's proposed recommendation to the Minister of Finance and NT to delete the detailed requirements contained in regulation 30 from the Regulations dealing with IRRBB, with a proposed implementation date of 1 July 2026;
- 1.3.2 the proposal to issue a proposed Directive and a subsequent final Directive in terms of section 6(6) of the Banks Act, incorporating the recalibrated shocks related to IRRBB, for implementation with effect from 1 July 2026; and
- 1.3.3 the proposal to subsequently convert the final Directive referred to in paragraph 1.3.2 into a Prudential Standard issued in terms of section 105 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017).
- 1.4 The PA invited interested persons to submit their comments on the proposed Directive and the related draft Government Notice, attached to the proposed Directive as Annexure 1, by no later than 15 December 2025.
- 1.5 Subsequently, the PA:
- 1.5.1 received general support from interested persons to proceed with the proposals set out in the proposed Directive and related draft Government Notice envisaged in paragraphs 1.3 and 1.4 above;
- 1.5.2 issued a proposed Directive in terms of section 6(6) of the Banks Act, incorporating the updated standard issued by the BCBS related to IRRBB, including the recalibrated shocks, on 1 April 2026, for implementation with effect from 1 July 2026.⁴ The PA invited interested persons to submit their comments on the proposed Directive and the related revised requirements related to IRRBB, attached to the proposed Directive as Annexure 1, by no later than 30 April 2026; and
- 1.5.3 finalised the Directive as no further comments have been received that require any amendment to the proposed Directive.

2. Directive

- 2.1 Based on the aforesaid and in accordance with the provisions of section 6(6) of the Banks Act, banks, controlling companies and branches of foreign institutions are hereby directed to comply with the revised requirements related to IRRBB, including the recalibrated shocks, attached hereto as Annexure 1, with effect from 1 July 2026.

³ Available online at [Proposed Directive - Amendment of Regulations IRRBB](#)

⁴ Available online at [Proposed Directive - revised requirements related to IRRBB](#)

3. Acknowledgement of receipt

- 3.1 Kindly ensure that a copy of this Directive is made available to your institution's external auditors. Further, you are requested to return the attached acknowledgement of receipt to the PA as soon as possible, once it has been completed and signed by both the institution's Chief Executive Officer and the external auditors.

**Fundi Tshazibana
Chief Executive Officer**

Date:

Encl.: 2

The previous Directive issued was Directive 2/2026, dated 24 April 2026.