



South African Reserve Bank
From the Office of
the Registrar of Banks

Ref.: 15/8/2

G7/2017

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

Guidance Note 7/2017 issued in terms of section 6(5) of the Banks Act, 1990

Capital standard for bank exposures to central counterparties, the standardised approach for measuring counterparty credit risk exposures and capital requirements for banks' equity investments in funds

Executive summary

During the past few years this Office held extensive discussions with all relevant key players regarding amendments to the Regulations relating to Banks (the Regulations) to implement the internationally agreed capital standard for bank exposures to central counterparties, the standardised approach for measuring counterparty credit risk exposures and capital requirements for banks' equity investments in funds.

In this regard, on 29 March 2017, this Office issued a proposed directive related to the proposed implementation on 1 September 2017 of proposed amendments to the Regulations to incorporate the respective requirements related to the aforementioned standards, inviting comments to be submitted to this Office by no later than 19 May 2017.

Based on the comments received from various key players, it has been decided to delay the implementation of the proposed amended Regulations that deal with requirements related to a capital standard for bank exposures to central counterparties, the standardised approach for measuring counterparty credit risk exposures and capital requirements for banks' equity investments in funds, to a date later than 1 September 2017.

1. Introduction

- 1.1 On 10 April 2014, the Basel Committee on Banking Supervision (Basel Committee) published the revised standard for calculating the required regulatory capital for banks' exposures to central counterparties (CCPs).
- 1.2 Earlier, on 31 March 2014, the Basel Committee published the revised standard that sets out a standardised approach for the measurement of banks' exposures to counterparty credit risk.

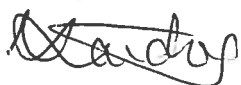
- 1.3 Also, on 13 December 2013, the Basel Committee published a revised standard in respect of the capital requirements for banks' equity investments in funds.
- 1.4 Subsequently this Office held discussions with all relevant key players regarding the appropriate incorporation of the relevant requirements related to a capital standard for bank exposures to CCPs, the standardised approach for measuring counterparty credit risk exposures and capital requirements for banks' equity investments in funds into the Regulations.
- 1.5 In this regard, on 29 March 2017, this Office issued a proposed directive related to the proposed implementation on 1 September 2017 of proposed amended Regulations that incorporate the relevant requirements of the aforementioned standards, inviting comments to be submitted to this Office by no later than 19 May 2017.
- 1.6 This Office wishes to express its sincere appreciation for the ongoing discussions held to date with all relevant key players and for the comments submitted in respect of the proposed amended Regulations and the proposed implementation date of 1 September 2017.

2. Decision to delay implementation

- 2.1 Based on the comments received from various key players it has been decided to delay the implementation of the proposed amended Regulations to incorporate the respective requirements related to a capital standard for bank exposures to central counterparties, the standardised approach for measuring counterparty credit risk exposures and capital requirements for banks' equity investments in funds, to a date later than 1 September 2017.
- 2.2 This Office will inform all relevant persons of the revised implementation date of the proposed amended Regulations to incorporate the aforementioned standards in due course.

3. Acknowledgement of receipt

- 3.1 Kindly ensure that a copy of this guidance note is made available to 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.



Kuben Naidoo
Deputy Governor and Registrar of Banks

Date: 17/8/2017

The previous guidance note issued was Guidance Note 6/2017, dated 14 August 2017.