

NUMBER	REFERENCE IN ACT/BILL/AMENDMENT	COMMENT (Why is it a problem)	PROPOSED WORDING/COMMENT	PA RESPONSE
Regulations comments				
1	Draft Regulations 38 & BA 700 Directives	It is unclear from the directives and supporting text whether spot values (month-end or quarter-end) or average values should be used as the reported measure for SFT Gross average values are required in the calculation of assets based on daily averages over the respective month or quarter depending on whether the reporting period coincides with the end of a quarter or month exposure. The directives provided do not clearly define which measure is required for gross SFT exposure. the calculation of leverage exposure and which is for disclosure purposes (if any).	Recommend clarification of whether spot or Banks must report the amounts of gross securities financing transaction (SFT) exposure. The directives provided do not clearly define which measure is required for gross SFT exposure.	on whether the reporting period coincides with the end of a quarter or month
2	Regulation 38 / Sub-regulation (2)(D)(iii) Table 1 Irrevocable commitments other than securitisation draft Regulation 38 (50%) vs draft Regulation 23 (40%). The treatment of irrevocable commitments under Regulation 38 is changed to liquidity facilities, with an original maturity up to one commitments, both less than and greater than one year (under regulation 38), have 40% and that the new "catch-all" requirement be year (20%) Irrevocable commitments other than been removed from BCBS424, with a new "catch-all" category of 40% being introduced. removed. securitisation liquidity facilities, with an original maturity With this new category also being introduced into the draft regulation, can you please of more than one year (50%) provide an example of when this category may be applicable? Any other commitment, regardless of the maturity of the underlying facility, not included in any of the aforementioned categories (40%) Regulations 23 / Sub-regulation (6)(j) Table 1 Irrevocable undrawn commitments with an original maturity of up to one year, excluding any undrawn commitment which is renewed or rolled resulting in an effective maturity of more than one year (20%) Irrevocable undrawn commitments with an original maturity of more than one year and undrawn commitments which are renewed or rolled resulting in an effective maturity of more than one year (40%)	The treatment of irrevocable commitments greater than a year is inconsistent between Recommend that the treatment for irrevocable Regulations 23 and 38 of the Regulations will be realigned draft Regulation 38 (50%) vs draft Regulation 23 (40%). The treatment of irrevocable commitments under Regulation 38 is changed to liquidity facilities, with an original maturity up to one commitments, both less than and greater than one year (under regulation 38), have 40% and that the new "catch-all" requirement be year (20%) Irrevocable commitments other than been removed from BCBS424, with a new "catch-all" category of 40% being introduced. removed. securitisation liquidity facilities, with an original maturity With this new category also being introduced into the draft regulation, can you please of more than one year (50%) provide an example of when this category may be applicable? Any other commitment, regardless of the maturity of the underlying facility, not included in any of the aforementioned categories (40%) Regulations 23 / Sub-regulation (6)(j) Table 1 Irrevocable undrawn commitments with an original maturity of up to one year, excluding any undrawn commitment which is renewed or rolled resulting in an effective maturity of more than one year (20%) Irrevocable undrawn commitments with an original maturity of more than one year and undrawn commitments which are renewed or rolled resulting in an effective maturity of more than one year (40%)		
3	Regulation 38 – output floor	Requiring the calculation of the output floor at a consolidated group level only maintains the objective of comparability to international and local peers. It also promotes more accurate evaluation and pricing of risk, a key requirement to ensure the local banking industry remains sustainably competitive in international markets.	Recommend the alignment of the local The PA will require the output floor to be calculated at subsidiary level (within implementation of Basel III Finalisation reforms and outside South Africa) and at a consolidated level using the aggregation accurate evaluation and pricing of risk, a key requirement to ensure the local banking for the output floor to the Basel guidance, which approach. requires the output floor calculation at a consolidated group level only for minimum regulatory capital purposes.	Calibration of the output floor at consolidated level is aimed at providing the PA with a consolidated group view of risks and to reduce opportunities for regulatory arbitrage. Whereas the calibration of the output floor at a subsidiary level is essential to ensure that capital adequacy measure is adequately distributed amongst legal entities of a banking group and that legal entities are adequately capitalised on a stand-alone basis.
4	Regulation 38 / Sub-regulation (2)(h) Table 1 – output floor	Post-model adjustments, threshold risk items and equity risk are not mentioned in the output floor regulations as risk types to be included in the calculation of the output floor but are specified in the BA 700 as risk types which carry RWA. Clarity is needed regarding their inclusion in the calculation of floor RWA.	Recommend clarification of the risk types which	The PA will adopt a "full-stack RWA approach" to the Output Floor. All risk types currently included in the calculation of aggregate risk weighted exposure equivalent amounts (Line 6 of the form BA700) will be in scope for the determination of the Output Floor.
5	OUTPUT FLOOR Regulation 38(15)(h)	The calculation of the output floor – footnote 2 - to table 1.	Clarify	Higher of (i) Aggregate risk weighted exposure equivalent amounts (item 6 col 7); and (ii) Floor Multiplier / Factor multiplied by Non-modelling approaches (item 8 col 7)
6	OUTPUT FLOOR Regulation 38(15)(h)	The calculation of the output floor – footnote 3 to table 1. This footnote implies that they will be a limit to the increase in RWA due to the implementation of the output floor – is our understanding correct? Also, will this threshold be applied from 2024 or at the end of the transition period?	Clarify	Basel III (post-crisis) reforms provides a national discretion in relation to the transitional cap whereby the incremental increase in RWAs as a result of application of the output floor may be capped at 25% for the duration of the transition period. The PA may exercise this discretion, depending on the results of the quantitative impact study that it is currently conducting. If the transitional cap is adopted, the incremental limit (25%) will be applicable throughout the transitional period.

7	Regulation 38 Phase-in requirements	Although removed from the BA 700 template and its descriptive lines, these requirements are still referenced in the regulations.	Recommend aligning regulation 38 with the template.	The PA following regulations have been updated accordingly: Regulation 38(11)(c) Regulation 38(11)(d) Regulation 38(12)(b) Regulation 38(12)(c) Regulation 38(15)
8	Regulation 38 Row 8 in the excel template	Output floor row is not described in the regulations.	Recommend inclusion of descriptions in the regulations as are available for the other elements of the BA 700 template.	A line description of the capital floor has been included in the draft regulations.
9	Regulation 38 Multiple	Leverage rows are not described in the regulations.	Recommend inclusion of descriptions in the regulations as are available for the other elements of the BA 700 template.	A definition of leverage exposure measure is included in the draft regulations.
BA600 comments				
10	footnote 7. The columns per line 95 of the current BA700 template	The columns per line 95 of the current BA700 template do not seem to correlate to the newly added footnote. It may be that the footnote is pre-empting a change to the BA700 that we are not aware of.	Clarify	Proposed amendments to the form BA600 are made in parallel to the proposed amendments of the form BA700, which is at a more advanced stage than the BA600. Reference in footnote 7 is to the proposed draft BA 700.
11	Consultation	Several changes are being proposed and formulas that are not currently included. No view of the proposed template in excel, that we would be seeing for the first time in local regulations.	Recommend another round of consultation before finalisation.	A second round of consultation will be undertaken, before finalisation. The PA will also consult its internal governance structures and a refined excel template will be circulated to the industry for comments.
12	Timing	Our understanding is that these proposed changes are to give effect to the BCBS 424 paper and are expected to be effective from 1 January 2024 per Guidance Note 4 of 2022.	Recommend confirmation that 1 January 2024 is the intended effective date for these changes.	1 January 2024 is the intended effective date for the proposed amendments. Q1 2023 will be used to finalise the proposed amendments, to allow time for parallel runs.
13	Publication	These changes link to several changes in the rest of the Banks Act Regulations to give effect to the final Basel III requirements.	Recommend that the Banks Act regulations be re-published in their entirety so that the industry can reference a single updated version of the regulations given the number of changes already published since 2012 and the amendments expected in the coming months.	A complete set of Regulations that contains all the approved amendments published to date is available on the Reserve Bank website: https://discover.sabinet.co.za/document/1169463
14	Line 10 "Consolidated qualifying amount of capital and reserve funds" footnote 4.	The reference to item 33 of the Consolidated form BA700 is incorrect this relates to Gains and losses on derivatives held as cash flow hedges. The reference item 24 of the Consolidated form BA700 is incorrect this is the Excess/ (shortfall) capital and reserve funds before the buffer requirements and other specified minima. Additionally, the BA 700 does not have columns 23 or 24.	Recommend amending the footnote to align with the Aggregate amount of qualifying capital and reserve funds: Item 10 column 1 shall be equal to item xx 36 column 24 of the form BA600; and to item 24, column 1, of the relevant (Aggregate amount of qualifying capital and reserve funds) column 1 of the relevant consolidated form BA 700.)	Reference is made only to the proposed draft templates, for both the BA600 and BA700 and not to the current forms. Footnote 4 presently reads as follows: Item 13 column 1 shall be equal to item 13 column 1 of the relevant consolidated form BA 700.
15	Line 10 "Consolidated qualifying amount of capital and reserve funds" footnote 5.	The reference to item 33 of the Consolidated form BA700 is incorrect this relates to Gains and losses on derivatives held as cash flow hedges. The reference item 24 of the Consolidated form BA700 is incorrect this is the Excess/ (shortfall) capital and reserve funds before the buffer requirements and other specified minima. Additionally, the BA 700 does not have columns 23 or 24.	Recommend amending the footnote to align with the Aggregate amount of qualifying capital and reserve funds: Item 10 column 2 shall be equal to item xx 36 column 25 plus column 24 of the form BA600; and item 24, column 2, of the relevant consolidated form BA 700.	Reference is made only to the proposed draft templates, for both the BA600 and BA700 and not to the current forms. Footnote 4 presently reads as follows: Item 13 column 2 shall be equal to item 13 column 2 of the relevant consolidated form BA 700.
16	Line 10 "Consolidated qualifying amount of capital and reserve funds" footnote 6.	The reference to item 33 of the Consolidated form BA700 is incorrect this relates to Gains and losses on derivatives held as cash flow hedges. The reference item 24 of the Consolidated form BA700 is incorrect this is the Excess/ (shortfall) capital and reserve funds before the buffer requirements and other specified minima. Additionally, the BA 700 does not have columns 23 or 24.	Recommend amending the footnote to align with the Aggregate amount of qualifying capital and reserve funds: Item 10 column 3 shall be equal to item xx 36 column 26 of the for BA600; and to item 24, column 3 less column 2, of the relevant consolidated form BA 700.	Reference is made only to the proposed draft templates, for both the BA600 and BA700 and not to the current forms. Footnote 4 presently reads as follows: Item 13 column 3 shall be equal to item 13 column 3 of the relevant consolidated form BA 700.
17	Footnote 7 to Line item 15 Group Capital adequacy ratio, excluding unappropriated profits, after the application of transfers to/from reserves not qualifying as common equity tier 1 capital and reserve the transitional arrangements in respect of the capital funds. floor	The footnote appears to be incorrectly referencing item 95 of form BA700 which is the Capital adequacy ratio, excluding unappropriated profits, after the application of the transitional arrangements in respect of the capital funds. floor	Recommend amending the footnote to align with the Capital adequacy ratio, excluding unappropriated profits, after the application of the transitional arrangements in respect of the capital floor. Item 15, columns 1, 2 and 3 shall be equal to items xx (Capital adequacy ratio, excluding unappropriated profits, after the application of the transitional arrangements in respect of the capital floor), columns 4, 5 and 6 respectively of the relevant consolidated form BA700.	Recommendations implemented. Footnote 8 presently reads as follows: Item 18, columns 1, 2 and 3 shall be equal to items 95, columns 1, 2 and 3 respectively of the relevant consolidated form BA700.

18	Column number relating items 23 to 35	Item 9 of the form BA700 refers to the base minimum. 16 Output floor impact for modelling approaches, which shall be equal to item 9 of the form BA700	Recommend amending the comment to align to Reference was being made to the proposed draft BA 700 and not the current the correct item number on the form BA700 for form. the Output floor impact for modelling approaches. The wording of the column was subsequently amended and reads as follows: This column shall reflect the relevant equivalent amount of the output floor impact, which shall be equal to the difference between floored RWAs and pre-floor RWA. The amount shall be zero, in instances where the floored RWA is lesser than pre-floor RWA.
19	Footnote 7	Footnote 7 under memorandum items: Item 15, columns 1, 2 and 3 shall be equal to items 95, columns 4, 5 and 5 respectively of the relevant consolidated form BA700.	Recommend updating the columns and rows Recommendations implemented. referencing in the revised BA700 form and Footnote 8 presently reads as follows: Item 18, columns 1, 2 and 3 shall be confirm the accuracy of reference columns 4, 5 equal to items 95, columns 1, 2 and 3 respectively of the relevant consolidated and 6 (not 4, 5 and 5). form BA700. Recommend reference be made to BA700 line 95 The correct reference is Line item 95, columns 1,2 and 3 of the draft proposed or 98. BA 700 (Table 9: Memorandum items for capital adequacy). Recommend that the latest BA700 template be shared with members, which aligns with references made in the proposed BA600 form.
20	Footnote 7	Footnote 7: Item 15, columns 1, 2 and 3 shall be equal to items 95, columns 4, 5 and 5 respectively of the relevant consolidated form BA700.	Clarify , does this imply that the calculation will be performed only at a consolidated group level, i.e., controlling company level? The calibration of the output floor and the resulting calculation of the CAR will be undertaken at every tier of consolidation.
21	Footnote 8	Footnote 8 under memorandum items Footnote 8 has been deleted however lines 19, 20 and 21 reference footnote 8.	Confirm if a footnote is still needed. Footnote 8 has been updated and presently reads: Sum of items 22, 23 and 24 column 1 shall be equal to item 43 column 8
22	Column 16 on page 8	Explanation of column 16 on page 8: Output floor impact for modelling approaches, which shall be equal to item 9 of the form BA700.	Confirm references to the BA700 template as this currently references the base minimum. Reference was being made to the proposed draft BA 700 and not the current form. The wording of the column was subsequently amended and reads as follows: This column shall reflect the relevant equivalent amount of the output floor impact, which shall be equal to the difference between floored RWAs and pre-floor RWA. The amount shall be zero, in instances where the floored RWA is lesser than pre-floor RWA.
23	Row 35	Row 35 columns 15, 16 and 17	Recommend that validation or footnote be built in terms of the total agreeing to specific cells in the revised BA700. The recommendation is noted, the PA will consider implementation.
24	Row 35	Row 35 columns 15, 16 and 17	Given that the floor impact will only be calculated at a total level rather than at an entity, recommend that a row be added at the end of this table instead of columns. The Output Floor will be calibrated at every tier of consolidation. recommend that a row be added at the end of this table instead of columns. Note that the standardised approaches are applied per risk type.

BA610 comments

25	BA610	As part of the draft regulations, there is a reference to a substitution of form BA 610 page 131. The draft BA 610 is however not among the documents we received to review.	Clarify , how the review process will take place Draft revisions or proposed amendments to the BA610 for output floor and leverage were sent out to BASA for first round of industry consultation. A multi-team working group (within the PA) will be formed to consolidate finalised amendments to the BA610
26	OUTPUT FLOOR General	It is still unclear if the output floor will be applied at a consolidated group level only	Clarify the implications for the bank solo and BA610 reporting entity levels and related forms. The form BA 610 will be amended to include output floor requirement under "Home" rules, as well as for the possibility that the "Host" may require an output floor.
27	General	The BA610 form was not included – can we understand the impacts on the BA610 form also?	Recommend BA610 be sent to the industry for review The return will be shared with the industry in due course

BA700 comments

28	BA 700 Template (Leverage Exposure)	The proposed template does not include the "Deductions from the exposure measure (excluding the shortfall of eligible provisions to expected loss)" as included in the current BA700 template, Line 248. Is the expectation that we report this in the "Other Adjustments" line (Line 242) in the proposed form?	Recommend that this be included as a separate Line 238 repurposed to accommodate the BASA comment noting the significance of adjustments reported under this line item current template. Furthermore, we propose the inclusion of a formula that links to the CET1 deductions in the form, as done in the current form.
----	-------------------------------------	--	--

29	BA 700 Template (Leverage Exposure)	The proposed template does not include the "Shortfall of eligible provisions relative to expected loss" as included in the current BA700 template, Line 249. Is the expectation line in the proposed template, as is done in the current template. Banks to use line 242 (Other adjustments) that we report this in the "Other Adjustments" line (Line 242) in the proposed form?	Recommend that this be included as a separate Reporting under this line item is not significant to necessitate a separate line item.
30	BA 700 Template (Leverage Exposure)	Line 230 (Total Consolidated Assets) is the departure point for total assets which undergoes a series of adjustments, including line 238 (Adjustments for Off-balance Sheet items). However, Total Consolidated Assets does not include off-balance-sheet items. The return is therefore subtracting off-balance sheet items from an amount which does not include off-balance-sheet items.	Recommend that the form return to the earlier Line 238 had been removed and Line 229 renamed to remove references to off-balance sheet items. is performed first and then off-balance sheet calculation balance sheet items.
31	BA 700 Template (Leverage Exposure)	Line item 243 is a combination/total of line items necessary to adjust leverage exposure. However, line 243 is not part of any other formula where leverage exposure is calculated. These line items, therefore, do not form part of leverage exposure calculation.	Recommend formula for lines 229 or 228 is the sum of Line 243, which aggregates Lines 244 to 247, is a disclosure amount. A memorandum heading has been inserted to mitigate further confusion.
32	BA 700 Template (Leverage Exposure) – Reg 38(5)(N) which refers to the deduction for assets pledged to secure liabilities	The proposed BA700 excludes Line 241 – other regulatory adjustments, which include the deduction for pledged assets. Is the expectation that this deduction is disclosed in line 242 – Other adjustments of the proposed BA700 form?	Clarify that the expectation is correct or add the Banks to use line 242 to report pledged assets and regulatory adjustments not reported elsewhere.
33	BA 700 Template (Annex H BA700_Fin Reforms - revised)	The BA 700 revised template: Capital adequacy ratio, excluding unappropriated profits, after the application of the transitional arrangements in respect of the capital floor Line 95 columns 1, 2, and 3 do not contain formulae.	Clarify , the input or updated formulae. These ratios will be calculated as if the transitional arrangements in respect of the capital floor have been concluded, that is, an aggregate output floor of 72.5% will be applied.
34	BA 700 Template (Annex H BA700_Fin Reforms - revised)	The BA 700 revised template: CET1 available after meeting the minimum capital requirements (as publicly disclosed) line 270 column 1, does not contain a formula.	Clarify , the input or updated formulae. The publicly disclosed CAR must align to that in the KM1 template.
35	BA 700 Template (Annex H BA700_Fin Reforms - revised)	Additional risk-weighted exposure equivalent amounts specified by the Authority1 700 Line 9; Output floor impact column 9 does not contain a formula.	Recommendation: suggested formula, should read: IF (Aggregate risk weighted exposure equivalent amounts (total of items 4 and 5); Total column 8 multiplied by the output floor phase in percentage reduced by the Aggregate risk weighted exposure equivalent amounts (total of items 4 and 5) column 7; is less than zero, the cell should return 0. Otherwise, the cell should return the delta between Additional risk-weighted exposure equivalent amounts specified by the Authority1 column 9 at phase-in percentage less the actual Aggregate risk-weighted exposure equivalent amounts (total of items 4 and 5) in column 7. The difference between K15 and L18 represents the impact of the output floor.
36	BA 700 Template (Annex H BA700_Fin Reforms - revised)	Additional risk-weighted exposure equivalent amounts specified by the Authority1 column 10 do not contain a formula.	Recommendation: suggested formula should read Total after application of the floor column 10 Additional risk-weighted exposure equivalent amounts specified by the Authority1 line 9, should be the sum of the Output floor impact column 9 plus Total column 7. Column 10 only has 1 cell with reporting on it (N18) which contains a formula.
37	BA 700 Template (Annex H BA700_Fin Reforms - revised)	BA 700 Line 82 "excess amount in respect of eligible provisions: IRB approach4" contains a footnote reference "4". The footnote refers to the BA 200 item 156, column 10 upon inspection of the BA 200 item 156, column 10 contains the text "95%" and inputs are allowable to column 5.	Recommend: The footnote should reference the BA200 line item 151, column 10. Formulas/references/footnotes will be updated once the revised BA200 is finalised.
38	Amendment (15)(a): (38)(2)(h)(iii)	A bank may also use a combination of SA-CVA and BA-CVA.	Recommended edit Banks may choose between the basic approach (BA-CVA) and the standardized approach (SA-CVA). Banks do not have to apply the same approach to the adjustment (SA-CVA), the Basic Approach for entire scope of application. If supervisory approval is granted, banks can decide credit valuation adjustment (BA-CVA), a which approach to use at the level of each netting set. The calculation of the BA-combination of SA-CVA and any netting set CVA and the SA-CVA can be waived if the nominal value of a bank's non-carved out and capitalised under BA-CVA, or centrally cleared derivatives is less than €100 billion. In that case the CVA risk 100% of a bank's counterparty credit risk capital requirements will simply be set to the amount of the respective capital requirements for counterparty credit risk. calculation of the bank's relevant exposure to CVA risk.
39	Amendment (15)(a): (38)(2)(h)(iii)	In the calculation of the CVA component in determining the output floor, is the intention of the regulations that the bank should apply either BA-CVA, SA-CVA or a combination of these models, aligned to the calculation of the bank's CVA capital requirement, rather than a single model to calculate Output Floor Component?	Clarify When determining the output floor across all risk categories, the calculated risk-weighted assets from CVA risks are treated as being a standardized approach irrespective of whether a bank uses SA-CVA or BA-CVA. There is therefore no output floor constraint from using the more risk sensitive SA-CVA rather than the BA-CVA.

40	General	The current amendments need to be read in conjunction with several other amendments that have been published since December 2012.	Recommend that a new consolidated set of regulations be published.	of A complete set of Regulations that contains all the approved amendments published to date is available on the Reserve Bank website: https://discover.sabinet.co.za/document/1169463 The referencing is correct as per the current iteration of the form BA700
41	ANNEXURE H1 BA700 (WORD DOCUMENT) Line items relating to the summary information of capital adequacy: Line item number 3	Check cross-referencing across returns. I. Per Annexure H BA700 this line references mortgage servicing rights, reference to line 193 should be line 195. II. Per Annexure H BA700 this line references DTA due to temporary differences, reference to line 194 should be 196	Update	
42	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8: column number 1 of item 1	I. Per Annexure A revised form BA200, reference to line 41 should be line 43. II. Per Annexure A revised form BA200, reference to line 209 should be line 213. III. Per Annexure A revised form BA200, reference to line 40 should be line 42. IV. Per Annexure A revised form BA200, reference to line 208 should be line 212. V. Per Annexure A revised form BA200, reference to line 142 should be line 146. VI. Per Annexure A revised form BA200, reference to line 357 should be line 361.	Update	Formulas/references/footnotes will be updated once the revised BA200 has been finalised
43	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8: column number 2 of item 1	I. Per Annexure A revised form BA200, reference to line 142 should be line 146. II. Per Annexure A revised form BA200, reference to line 357 should be line 361.	Update	Formulas/references/footnotes will be updated once the revised BA200 has been finalised
44	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8: Column 6 of item 1	I. Per Annexure A revised form BA200, reference to line 79 should be line 129. II. Per Annexure A revised form BA200, reference to line 176 should be line 275.	Update	Formulas/references/footnotes will be updated once the revised BA200 has been finalised
45	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8: Column 1 of item 7	I. Per Annexure A revised form BA200, reference to line 41 should be line 43. II. Per Annexure A revised form BA200, reference to line 40 should be line 42. III. Per Annexure A revised form BA200, reference to line 142 should be line 146. IV. Per Annexure A revised form BA200, reference to line 209 should be line 213. V. Per Annexure A revised form BA200, reference to line 208 should be line 212. VI. Per Annexure A revised form BA200, reference to line 357 should be line 361.	Update	Formulas/references/footnotes will be updated once the revised BA200 has been finalised
46	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8: Column 2 of item 7	I. Per Annexure A revised form BA200, reference to line 40 should be line 42. II. Per Annexure A revised form BA200, reference to line 142 should be line 146.	Update	Formulas/references/footnotes will be updated once the revised BA200 has been finalised
47	ANNEXURE H1 BA700 (WORD DOCUMENT) Line items relating to Common Equity Tier 1 capital and reserve funds: line item number 30	Should refer to "this line item 30" and not 29.	Update	Updated
48	ANNEXURE H1 BA700 (WORD DOCUMENT) Line items relating to Common Equity Tier 1 capital and reserve funds: line item number 53	Reference to line 39 should now reference line 5 columns 1 and 3 of the latest BA500 form effective 1 October 2022	Update	Updated
49	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 9: Columns 1 to 7	Please clarify what amounts will be included for these columns if line 8 is already based on non-modelling approaches (standardised approaches). Should this line only apply to columns 8 to 10? To confirm there is no double count for floors on lines 5 and 9.	Clarify	There is no double counting
50	ANNEXURE H1 BA700 (WORD DOCUMENT) Columns relating to the summary information of capital adequacy, items 1 to 8 1 of item 7 2 of item 7	Should this be item 8 rather than item 7?	Clarify	It has been changed to 10 to accommodate line 9
51	ANNEXURE H1 BA700 (WORD DOCUMENT) Line 254	The word directive refers to adjusted gross SFTs based on month-end or quarter-end balances, or average daily. The excel template (Annex H) however refers to the average (on line 255). Should these align? The word document also refers to the disclosure of averaged values of SFTs – where will this be disclosed on the form?	Clarify	Directives and return have been aligned The PA was actually referring to reporting. This has been done

52	ANNEX H BA700_FIN REFORMS (EXCEL DOCUMENT) Line 95 columns 4 to 5 Capital adequacy ratio, excluding transitional arrangements in respect of the capital floor	Formula references K15 (excluding floor impact). Should this not be N18? The heading unappropriated profits, after the application of the floor, vs the word doc (Annex H) referring to excluding the capital floor	Clarify	Agreed, formula updated to refer to N18
53	ANNEX H BA700_FIN REFORMS (EXCEL DOCUMENT) Line 255	This line refers to average SFTs – need to consider whether banks can provide this on an average basis (daily/monthly/quarterly). This should be read with point 12 above.	Clarify	Banks that cannot provide daily averaged value must inform the PA of such fact whereafter alternative reporting arrangements will be considered
54	ANNEX H BA700_FIN REFORMS (EXCEL DOCUMENT) Line 243 Total on-balance sheet exposures, excluding derivatives and SFTs (total of items 244 to 247)	Per Annex H BA700_Fin Reforms – revised, to confirm that lines 244 to 247 are additional disclosure lines and are not added to the leverage exposure measure per BA 700 Formula tab.	Clarify	Addressed under comment 4 as follows: The sum of Line 243, which aggregates Lines 244 to 247, is a disclosure amount. A memorandum heading has been inserted to mitigate further confusion
55	LEVERAGE RATIO FRAMEWORK Regulation 38(15)(v)	This new para applies to entities other than DSIBs, but this paragraph still refers to the Authority that may direct a bank other than a D-SIB to maintain an additional leverage ratio buffer requirement – our understanding was that the additional buffer requirement will only apply to DSIBs.	Clarify	The PA will provide guidance on this formally in due course through the work on the leverage buffer proposed directive
56	LEVERAGE RATIO FRAMEWORK Proposed Regulation 38(15)(e)(v)(A)(iv)	Should the bank meet the criteria set out in this requirement, in which line item should this adjustment be included?	Clarify	Banks to clarify further
57	Consultation	Several changes are being proposed and formulas that are not currently included, that we would be seeing for the first time in local regulations.	Recommend another round of consultation before finalisation.	Agreed.
58	Consultation	We appreciate the 2nd round of consultation. We would appreciate an opportunity to review the Template (including all the updated formulas for the output floor) together with regulation 38 before publication. Items that cannot currently be reviewed include:	Recommend another round of consultation where regulation 38, table item descriptions and BA 700 return template can be reviewed holistically.	The PA will consider another round of consultations.
59	Consolidation vs Solo Requirements	The Basel requirement for the Output Floor is stipulated at the consolidated entity level (https://www.bis.org/bcbs/publ/d424.pdf). We see that the Output Floor requirement has been included in the BA 700 Template, which applies to both the consolidation and solo requirements.	Recommend that South Africa aligns with the Basel framework and other jurisdictions in applying requirements at the consolidated group level.	The PA will implement the output floor at consolidated and solo level.
60	Timing	Our understanding is that these proposed changes are to give effect to the BCBS 424 paper and are expected to be effective from 1 January 2023 per Guidance Note 4 of 2021.	Confirm that 1 January 2023 is the expected date of effective date for these changes.	Guidance Note 4/2022 which outlines the revised implementation dates has been issued
61	Publication	These changes link to several changes in the rest of the Banks Act Regulations to give effect to the final Basel III requirements.	Recommend that the Banks Act regulations be re-published in their entirety so that the industry contains all the approved amendments published to date is available on the Reserve Bank website: https://discover.sabinet.co.za/document/1169463	Noted, available on the SARB website. A complete set of Regulations that published in their entirety so that the industry contains all the approved amendments published to date is available on the Reserve Bank website: https://discover.sabinet.co.za/document/1169463 regulations given the numbers of changes already published since 2012 and the amendments expected in the coming months.
62	General	The overall Leverage layout changes compared to previously and differ from that outlined in the disclosure template for Pillar 3.	Recommend aligning overall structure to match the disclosure requirement for ease of reading included in the BCBS document titled Standards and reconciliation. 2nd round comments (2RC) : Will there any parallel runs performed prior to implementation?:	Note that the first 15 lines agrees with the revised disclosure requirements – updated framework (template LR1). The remainder of the return was adjusted in line with template LR2. 2RC: Yes, reasonable time will be allowed for the parallel run aligned with the revised implementation dates published in Guidance Note 4 of 2022.
63	General		Recommend including more detailed explanations and guidance for the population of the various lines and columns. 2RC: This will be very helpful to enable a complete understanding of these changes.	Request noted and accommodated.

64	General	Line references on the SARB ID and formula tabs are different.	<p>Recommend reviewing referencing and Where misalignment has been identified we have made corrections. consistency across all lines on both tabs (SARB ID 2RC: Line reference misalignments have been attended to. Where there are and formula). further discrepancies the PA would appreciate being alerted.</p> <p>Recommend reviewing those formulas that match the line references displayed. 2RC: Have noted additional referencing differences (line numbers, referencing and footnotes) on the BA700 formula sheet – specifically leverage. E.g., Total exposures (total of items 234, 250, 257, 260 and 268) – but the formula starts at line 235.</p>
65	Disclosure Template General	<p>The BA 700 Template does not reflect the same information as required in the Disclosure Template published Basel (https://www.bis.org/bcbs/publ/d468.pdf) for instance:</p> <ul style="list-style-type: none"> - Average gross SFTs. - Reference to quarter-end, not month-end. - temporary exemption Central bank reserves; and - ratio after taking into account temporary exemption of central bank reserves. 	<p>Clarify whether the intention is for this reporting Temporary exemption of central bank reserves will not be built into the BA700 and disclosure to differ and is currently captured at this point in time. in the proposed BA 700 Template. 2RC: Yes, the gross SFT's will be reflected on an averaged basis in line with the 2RC: Clarify if the requirements for the disclosure disclosure template. A description of the line item has been added in the of average gross SFTs as reflected in the Pillar 3 directives. disclosures will be incorporated into the BA700 template.</p>
66	Draft Regulations 38	Capital Floors and non-DSIB banks	<p>Clarify are the Capital Floors for the calculation of Banks, under the revised BA700, will continue to report risk weighted exposures Regulatory Capital applicable to Banks using the under lines 1 to 4 based on their standardised or modelled outputs respectively. Standardised Approach for Credit risk? In the event that a bank is utilising the standardised approach the values reported under line 4 would equal those reported under line 7. Conversely if a bank is utilising the models approach it would be reflected in lines 1 to 4 then line 7 would reflect the non-modelled approaches that would become the basis for the capital floor calculation. Capital floors are applicable to all banks, D-SIBs and non-D-SIBs.</p>
67	Line 2 and 5	Will the requirement for line 2 not be specified by the PA – how is this different from line 5?	<p>Recommend that both line 2 and line 5 The PA has decided to retain lines 2 and 5. Line 2 remains useful as an ad hoc requirements and guidance be specified by the line item to be applied in special circumstances. PA. The PA has decided to repurpose this line item for the reporting of capital for large exposures. The directives have been updated accordingly.</p> <p>Recommended updating the footnote to highlight the differentiation – especially for audit purposes and interpretation.</p>
68	Column 1 of item 7 Column 2 of item 7	<p>7 the standardised approach for credit risk, the external ratings-based approach (SEC-ERBA) and the standardised approach (SEC-SA) for securitisation, and the standardised approach for counterparty credit risk (SA-CCR).</p> <p>References were also made to BA200 and BA500 and we have not received draft templates for these.</p>	<p>Clarify why the SA-CCR is included in column 1 of All draft templates will be shared in due course. 7, and not column 2. SA-CCR is included in column 2 of 7.</p> <p>Clarify if SA-CCR should not be included in 2RC: References to SA-CCR under column 1 of 7 have been removed. column 2 of line 7?</p> <p>Clarify is this referencing the current BA forms? 2RC: BA700 directives word document – description for column 1 still refers to SA-CCR. "This item shall reflect the relevant required aggregate amount of risk weighted credit exposure that the reporting bank would have been required to hold if only non-modelled approaches where used, that is, the standardised approach for credit risk, the external ratings-based approach (SEC-ERBA) and the standardised approach (SEC-SA) for securitisation and the standardised approach for counterparty credit risk (SA-CCR)."</p>
69	Columns 3, 4, 5, 6 of item 7	No instructions are included on pages 4 and 5 of the directives.	<p>Recommend additional guidance. Banks, under the revised BA700, will continue to report risk weighted exposures under lines 1 to 4 based on their standardised or modelled outputs respectively. In the event that a bank is utilising the standardised approach the values reported under line 4 would equal those reported under line 7. Conversely if a bank is utilising the models approach it would be reflected in lines 1 to 4 then line 7 would reflect the non-modelled approaches that would become the basis for the capital floor calculation. Capital floors are applicable to all banks, D-SIBs and non-D-SIBs.</p>

70	Line 7 & 8	The modelled approach is not listed at all, the sum of the total standardised approach plus add-ons becomes the RWA base for the capital supply calculations. In addition, the calculation seems to then be per risk type rather than total. This will significantly overstate the RWA required when compared to the QIS Templates distributed to date.	Recommend amending this to align with the calculation in par 7 on pg. 138 of BCBS 424, where the total modelled approaches (line 7; column 8) are compared to the total non-modelled approaches (line 7; column 8) post threshold to determine if there is an output floor add-on.	The Banks, under the revised BA700, will continue to report risk weighted exposures under lines 1 to 4 based on their standardised or modelled outputs respectively. In the event that a bank is utilising the standardised approach the values reported under line 4 would equal those reported under line 7. Conversely if a bank is utilising the models approach it would be reflected in lines 1 to 4 then line 7 would reflect the non-modelled approaches that would become the basis for the capital floor calculation. Capital floors are applicable to all banks, D-SIBs and non-D-SIBs.
71	Line 7 & 8	We understand that line 7 refers to non-modelled approaches, while line 8 refers to the additional add ons that may be applicable to those standardized values and result in a "top up". Therefore, the total standardized number across all the risk types would be considered as the base against which the final 72.5% would be applied upon the final phased in.	Clarify whether our understanding that the output floor lines 7 and 8 is correct.	The Banks, under the revised BA700, will continue to report risk weighted exposures under lines 1 to 4 based on their standardised or modelled outputs respectively. In the event that a bank is utilising the standardised approach the values reported under line 4 would equal those reported under line 7. Conversely if a bank is utilising the models approach it would be reflected in lines 1 to 4 then line 7 would reflect the non-modelled approaches that would become the basis for the capital floor calculation. Capital floors are applicable to all banks, D-SIBs and non-D-SIBs.
72	Line 8 and 98	There is no reference to phase-in level relevant for the reporting year e.g., 50%. It is not clear how the template will be updated to exclude CVA and Market Risk for the 2023 reporting period while including it in 2024 onwards per G4/2021.	Clarify.	For market risk and CVA banks must include the amounts calculated based on the current approach and report it in both the models based and non-models-based line items. The phase-in percentages would be reflected in Regulation 38.
73	Line 26	Formulas are not populated in columns 3	Recommend that Column 3 should be linked to linked 227 column 4.	The leverage ratio buffer proposal has not yet been finalised.
74	Line 26	Minimum ratio not populated in column 4.	Recommend that Column 4 should reflect 4%.	May not necessarily be 4 given the considerations in terms of the leverage buffer proposals. The PA will consider building in a validation rule against this cell.
75	Line 26	Formulas are not populated in columns 2 .	Recommend that Column 2 should be the sum of columns 3 and 4.	The leverage ratio buffer proposal has not yet been finalised.
76	Lines 69 and 71 Lines 80 and 82	Given the deletion of these lines, will BA700 lines and references be renumbered?	Recommend reviewing all line numbering and referencing.	Yes, alternatively replacement line items will be inserted to retain formulas and cross return validations.
77	Lines 97 and 98	Current regulations require ratios including unappropriated profits. The draft template refers to excluding unappropriated profits.	Recommend lines 97 and 98 reflect ratios including unappropriated profits.	The directives to the BA700 were updated to stipulate the required reporting. The first line item requires unappropriated profits to be included and the 2nd line item requires it to be excluded.
78	Line 97 and 98 column 4 to 6	Numbering is 1,2,3.	Recommend changing to 3, 4, 5. Noted 2RC: BA700 formula sheet still refers to 1,2,3.	and amended. 2RC: Both sheets have now been updated.
79	Line 98	Would have expected ratios including the transitional impact of the capital floor to be disclosed publicly.	Clarify if disclosure requirements will be specified in the Pillar 3 requirements? Clarify whether ratios excluding the capital floors be required to be publicly disclosed.	Yes, however, disclosure requirements would be updated in future. Refer to paragraph 8 (page 138) of the Basel III Finalising post-crises reforms document.
80	Line 97 and 98 columns 4 to 6 (currently labelled 1, 2, and 3)	Requires the ratios excluding the capital floor impact – will this not be the same for both lines.	Recommend the removal of duplication if ratios are to be the same .	The directives to the BA700 were updated to reflect the required reporting, however, in cases where banks are not subjected to the output floor, the ratios in the first 3 and 2nd 3 columns would be identical.
81	Line 159 and 161, 183 Line 209 to 215	Line items in the directive do not agree to the proposed excel form.	Recommend align/update. Current excel has not been updated.	2RC: Line references were updated. These have been aligned.
82	Line 205 vs 209	This currently reads as a duplication.	Clarify the differences between these lines. 2RC: Current excel has not been updated.	Agreed, removed line 209. 2RC: The duplicate line item has been removed. These line items represent the old line 202 & line 211 in the previously circulated form BA700. Only line 203 has been retained under the current template.
83	Line 221	Description in SARB ID tab and formula tab are inconsistent.	Recommend that the description read as "Minimum required ratio (before the conservation buffer range)"	Description was aligned to this recommendation. 2RC: The wording has been realigned to line 227 of the current form BA700 both sheets.
84	Line 221 to 225, col 3	Leverage disclosure for DSIBs – no additional guidance was provided in the directive in terms of populating these lines.	Recommend additional guidance information Clarify , if we select in line 230 if the entity is a DSIB, then is it also required in line 368 col H heading.	Banks are to continue populating the return on these line items as they did in the past. Correct, if a bank is a D-SIB it has to indicate such in line 230 and also populate lines 221 to 227 column 4.
85	Line 221 to 225, col 1 to 3	No guidance was provided in the directive on whether the DSIB requirement should also be included in the quartiles?	Clarify where the [capital conservation + DSIB + countercyclical buffer] should be spread across the quartiles or just the [capital conservation + countercyclical].	This matter will be clarified in a separate directive.
86	Line 226	Description in SARB ID tab and formula tab are inconsistent	Recommend that this read as "Actual ratio"	Agree.

87	Line 227	Description in SARB ID tab and formula tab are inconsistent.	Recommend that this read as "Percentage capital conservation or leverage conservation to be applied in terms of the relevant requirements specified in regulations 38(8)(f) and (g)"	
88	Line 232	Line 246 is not included in the formula for line 232.	Recommend including line 246 in the formula. 2RC: Not updated in excel (BA700 formula sheet).	Agree. Noted and amended. The formulas for the leverage section have been redone in totality.
89	Other adjustments (SARB ID excel row 405)	Has no return line in the SARB ID tab resulted in inconsistent numbering between the 2 tabs?	Recommend re-numbering	The SARB ID tab has been renumbered.
90	Line 234	Unclear how this tie into the total exposure on line 231.	Recommend reviewing the line references and providing formulas for the various lines. 2RC: Currently line 235 is including in formula instead of 234 in the BA700 formula sheet.	The table was aligned to the Pillar 3 disclosure requirement. formulas for the leverage section have been redone in totality.
91	Line 235 and line 245	It is not clear if we should gross up for general provisions in line 235 to allow for the deduction in line 245.	Clarify.	The table was aligned to the Pillar 3 disclosure requirement.
92	Line 239	Line 239 - Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	Clarify , which definition of fiduciary asset we	The PA will provide further clarity in due course.
93	Former line 243	Please provide clarity on the Regulation which refers to the removal of the Deductions from the exposure measure (excluding the shortfall of eligible provisions to expected loss) from leverage exposure.	Recommend updating Regulation 38 to reflect the change in treatment.	Updated.
94	Former line 244	Please provide clarity on the Regulation which refers to the removal of the Shortfall of eligible provisions relative to the expected loss from leverage exposure	Recommend updating Regulation 38 to reflect the change in treatment.	Updated.
95	Line 245	Line after line 245 (excel line 405) has no number on the SARB ID sheet but references other adjustments.	Clarify what should be reported here.	Banks should report any other adjustments that are not being reported elsewhere. Reference (ID) numbers will be provided.
96	Line 245	The PVA and provisions (general and specific) are different adjustments.	Recommend that Line 245 be split into 2 Recommend that Line 1 read as: "Adjustment for prudent value adjustments" template. Recommend that Line 2 read as "Adjustment for specific and general provisions which have reduced Tier 1 capital" The excel has not been updated?	Agree. The adjustments have been split over lines 239 and 240 of the current BA700
97	Line 279 and 280	Additional guidance is required for the population of these new lines.	Recommend additional guidance required for the population of these new lines.	Line 279 = aggregate amount of qualifying and reserve funds Tier 1 + balance in respect of unappropriated profits – (total leverage exposure * specified minimum leverage including buffer). Banks must report the difference between available capital resources and the leverage requirement. This shows the leverage constraint in terms of capital resources. Line 280 =MIN (Surplus tier 1 capital and reserve funds based on leverage constraint, including leverage buffer; Excess/ (shortfall) capital and reserve funds CET1; Excess/ (shortfall) capital and reserve funds T1; Excess/ (shortfall) capital and reserve funds Total Banks must report the least of leverage constraint or regulatory constraint to give an indication to the regulator regarding where the binding constraint lies.
98	Lines 231 to 274	Limited detail in terms of the regulations to populate these new line items.	Recommend additional guidance for the lines that should be populated.	Reporting must be similar to Pillar 3 disclosure requirements.
99	Line 234	Formula sheet includes a sum of 235 to 246 -however, does not consider some lines should be deductions. The current BA700 formula differs.	Clarify whether negative amounts can be included given the formula.	Negative amounts may be reported.
100	Line 8	What floors or add-ons will be included in line item 8 columns 1 to 7 – considering line 7 is based on the standardised approaches?	Clarify if this will not result in double counting? -2RC: should this be line 8 (as per the excel sheet)?	Banks, under the revised BA700, will continue to report risk weighted exposures under lines 1 to 4 based on their standardised or modelled outputs respectively depending on the adopted approach. In the event that a bank is utilising the standardised approach the values reported under line 4 would equal those reported under line 7. Conversely if a bank is utilising the models approach which would be reflected in lines 1 to 4 then line 7 would reflect the non-modelled approaches that would become the basis for the capital floor calculation. In the latter instance where a capital floor is determinable it will be reflected in line 9 columns 9 and 10. Correct.

101	Line 8 col 8 to 10		Recommend that given the disclosures on lines Formulas were included where possible, note that no formula will be included 97 and 98, should line 8 include disclosures of: in respect of the output floor during the transitional period. -No capital floor. -Transitional impact. Fully loaded.
102	Line 249	No formulae were included for the cells. The formula deduction line 251 is already included in the calculation of RC in line 250.	Recommend amending the formula in line to 249 Amended in line with recommendation. to exclude line 251.
103	Line 249	The formula deduction line 252 is already included in the calculation of RC in line 250.	Recommend amending the formula in line to 249 Amended in line with recommendation. to exclude line 252.
104		The replacement cost is an input into the exposure calculation and already includes the initial and variation margin adjustments.	Recommend amending to "Replacement costs Amended in line with recommendation. associated with all derivatives transactions" and remove "of which"
105	Line 250 Line 251	The margin is already included in the replacements cost. Therefore, we read this as a disclosure item.	Recommend amending to "of which: cash Reporting requirement is aligned with Pillar 3 disclosures. variation margin received."
106	Line 252	The margin is already included in the replacements cost. Therefore, we read this as a disclosure item.	Recommend amending to "of which: initial Line item was adjusted. margin received on client cleared derivatives."
107	Line 253	The potential future exposure (PFE) is an input into the exposure calculation and already includes the initial and variation margin adjustments.	Recommend amending to "Potential future Amended in line with recommendation. exposure associated with all derivatives transactions."
108	Line 255	The initial margin is not included in the PFE calculation and so is not expected to be here are a deduction or disclosure item.	Recommend removing the line or clarify. Amended in line with recommendation.
109	Former line 255	The requirement for the deduction of the cash variation margin provided is stipulated in the regulations. It is unclear as to why it is being removed from the BA 700 Template	Recommend providing updating the Template to Amended in line with recommendation. align with the regulations.
110	Line 272, 273, 274	Footnote 6 is referenced in the description of these lines, while no footnote 6 is included at the bottom of the table.	Recommend removing the footnote reference or Removed. including the footnote envisioned. 2RC: Formula sheet also updated. 2RC: Still reflecting in excel BA700 formula sheet
111	Line 279	Line 279 is a new line and therefore it should be reflected in red to ensure completeness of the review process.	Recommend highlighting the change. Amended in line with recommendation. 2RC: Still black on BA700 formula sheet.
112	Cell N20 in BA700 formula sheet	Formula missing.	Update. Formula has now been inserted. This is N18 under the current template.
113	Col E to G excel lines 347 and 348 in BA700 formula sheet	Lines should be deleted given the deletion of transitional impact.	Update. Lines have been deleted under this iteration of the template.
114	Line 281 of BA700 formula sheet	Is this meant to reconcile to the Pillar 3 disclosure template CC1 line 68?	Clarify. Yes, the line should reconcile with the disclosure template.
115	BA700 directive word document	Line 2 – will this also be updated for the large exposure regulations (LEX) and changes made to BA200/210? Line 3 – reference to line 195 and 196 – should this be 194 and 198 Line 3 – why does this refer to only solo basis – will this not also apply to consolidated reporting? Line 5 and 9 – should this be 5 and 8? Line 29 onwards – line reference numbers do not agree to the excel	Yes, a validation rule will be included to cross reference the LEX returns. The reference has been updated to line 193 and 194. The reference to Solo has been removed from the directive. Under the updated numbering it remains line 5 and 9. Based on the various revisions that are being applied to the form the line references represent a moving target. They have been readjusted again.