



Ref.: 15/8/2

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

**Proposed Guidance Note issued in terms of section 6(5) of the Banks Act 94 of 1990**

**Operational risk practices – guidance related to interpretation and completion of the operational risk form BA 400**

### Executive summary

**The purpose of this proposed Guidance Note is to provide further guidance to banks, controlling companies and branches of foreign institutions (hereinafter collectively referred to as 'banks') with respect to the interpretation and completion of the 6 monthly operational risk form BA 400**

#### **1. Introduction**

- 1.1 Regulation 33(2) of the proposed amendments to the Regulations relating to Banks (the proposed amended Regulations) sets out the purpose of form BA 400 with respect to the required amount of capital and reserve funds for operational risk for banks, calculated in terms of the standardised approach.
- 1.2 This proposed Guidance Note provides further guidance on the completion of the form BA 400.

#### **2. Completion of the form BA 400**

- 2.1 In terms of the requirements specified in the proposed amended Regulations, the form BA 400 must be completed on a bank solo, bank consolidated and controlling company consolidated level for all entities which are consolidated by the bank for risk-based regulatory purposes.
- 2.2 For corresponding half year reporting, a 12-month rolling method should be applied for the current period under review. This excludes Annexure B: Panel B (Balance sheet and other items) which must reflect the position as at end of the corresponding half-year.

<i>@corresponding half-year example Financial Half Year 2021 reporting period</i>						
Period	Financial Year End 2022	..	Financial Year End 2019	Financial Year End 2020	Corresponding Half Year 2021	
12- month	2022	..	2019	2020	2020	2021
	12 months		12 months	12 months	7 to 12 months	1 to 6 months

@corresponding half-year example Financial Half Year 2021 reporting period						
rollup	Financial Year to Date		Financial Year to Date	Financial Year to Date	H2 of prior Financial Year	H1 of current Financial Year

### 3. Scope of losses to be reported

- 3.1 All losses with an accounting or recognition date within the 10-year window.
- 3.2 The total net loss amount (gross less recoveries), for each individual loss, must be greater than ZAR 50 000 across the 10-year period, as set out in the Form BA 400 proposed Directive.
- 3.3 Rapidly recovered amounts should be discounted from the gross and recovery amount prior to calculating the net loss.
- 3.4 Inclusion of all gross losses reportable as per the definition of gross loss in regulation 33(4)(e)(i)(A) of the proposed amended Regulations.
- 3.5 Inclusion of all recoveries reportable as per the definition of recoveries in regulation 33(4)(e)(i)(C) of the proposed amended Regulations.
- 3.6 Only pure direct operational losses including market risk boundary losses should be included. Credit-related boundary losses should be excluded, in accordance with the relevant requirements set out in regulation 33(4)(c)(i)(l) of the proposed amended Regulations.

### 4. Implementation date

- 4.1 The guidance set out in this Guidance Note becomes effective from the implementation date of the proposed amended Regulations, that is, from 1 July 2025.

### 5. Published for information

- 5.1 The purpose of this proposed Guidance Note is not to invite comments, but to provide information until the guidance note is finalised.

Fundi Tshazibana  
**Chief Executive Officer**

Date: