

Ref.: 15/8/1/3

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

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

Proposed amendment to the Regulations relating to Banks: Interest Rate Risk in the Banking Book

Executive summary

On 1 July 2025, South Africa implemented amended Regulations relating to Banks (Regulations) that incorporated the remaining components of the Basel III post-crisis reforms.

In addition, on 30 June 2025, the Prudential Authority (PA) issued Prudential Communication 8 of 2025 to banks, controlling companies and branches of foreign institutions (hereinafter collectively referred to as 'banks'), informing banks that, among other things, the PA will, in due course, commence with a process to convert the Regulations into Prudential Standards.

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

The PA decided to commence with the process of converting the Regulations into Prudential Standards by recommending to the Minister of Finance and National Treasury (NT) the deletion of regulation 30 of the Regulations dealing with IRRBB. The PA will, in due course, incorporate the updated standard related to IRRBB, including the recalibrated shocks, issued by the BCBS, into a Prudential Standard.

The process of converting the Regulations into Prudential Standards will include appropriate consultations with banks and other interested persons.

In this regard, banks and other interested persons are hereby invited to submit their comments in respect of the draft Government Notice, attached hereto as Annexure 1, to the PA by no later than 15 December 2025.

1. Introduction

- 1.1 On 1 July 2025, South Africa implemented amended Regulations that incorporated the remaining components of the Basel III post-crisis reforms.^{1, 2}
- 1.2 In addition, on 30 June 2025, the PA issued Prudential Communication 8 of 2025 to banks, informing banks that, among other things, the PA will, in due course, commence with a process to convert the Regulations into Prudential Standards.³
- 1.3 On 16 July 2024, the BCBS published adjustments to the specified interest rate shocks set out in its previously issued standard related to IRRBB.^{4, 5}
- 1.4 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.
- 1.5 The PA decided to commence with the process of converting the Regulations into Prudential Standards by recommending to the Minister of Finance and NT the deletion of regulation 30 of the Regulations dealing with IRRBB with a proposed implementation date of 1 July 2026.
- 1.6 The PA proposes to incorporate the updated standard issued by the BCBS related to IRRBB, including the recalibrated shocks:
 - 1.6.1 into a proposed Directive and a subsequent related Directive to be issued in terms of section 6(6) of the Banks Act, 1990 (Act No. 94 of 1990) (Banks Act) with effect from 1 July 2026; and
 - 1.6.2 into a Prudential Standard issued in terms of section 105 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act) with a proposed implementation date of 1 January 2027. The Prudential Standard that will be issued in terms of section 105 of the FSR Act will essentially incorporate the contents of and replace the Directive envisaged in paragraph 1.6.1.
- 1.7 As in the past, the process of proposing amendments to the Regulations, including the conversion of the Regulations into Prudential Standards issued in terms of section 105 of the FSR Act and into a Directive issued in terms of section 6(6) of the Banks Act as an interim step, will include appropriate consultations with banks and other interested persons.

2. Proposed Directive

- 2.1 Based on the aforesaid, and in accordance with the provisions of section 6(6) of the Banks Act, banks are hereby directed to note the following:
 - 2.1.1 the PA's proposed recommendation to the Minister of Finance and NT for the deletion of regulation 30 from the Regulations dealing with IRRBB, with a proposed implementation date of 1 July 2026;

¹ The amended Regulations were published in *Government Gazette No. 52907*, dated 26 June 2025.

² Available online at [Basel III: Finalising post-crisis reforms](#).

³ Available online at [Prudential Communication 8 of 2025](#).

⁴ Available online at [Recalibration of shocks for interest rate risk in the banking book](#).

⁵ Available online at [Interest rate risk in the banking book](#).

- 2.1.2 the proposal to issue a proposed Directive and a subsequent related Directive in terms of section 6(6) of the Banks Act incorporating the updated requirements related to IRRBB, including the recalibrated shocks, with effect from 1 July 2026; and
- 2.1.3 the proposal to subsequently convert the Directive referred to in paragraph 2.1.2 into a Prudential Standard issued in terms of section 105 of the FSR Act, with a proposed implementation date of 1 January 2027.

3. Invitation for comments

- 3.1 Banks and other interested persons are hereby invited to submit their comments on this proposed Directive and the related draft Government Notice attached hereto as Annexure 1 to pa-info@resbank.co.za, for the attention of Mr A J Smal, by no later than 15 December 2025.
- 3.2 All comments received may be published on the PA website, unless the respondent specifically requests confidentiality.

Fundi Tshazibana
Chief Executive Officer

Date:

Encl.: 1