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Ref.: 15/8/1/3

To: All banks, branches of foreign institutions, controlling companies, 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) (Banks Act)

Completion of regulatory return: form BA 701

Executive Summary

The proposed amendments to the Regulations relating to Banks (Regulations) provide the Prudential Authority (PA) with enabling provisions to specify instructions or requirements for the completion of various Banks Act (BA) forms.

The purpose of this proposed Directive is to direct domestic systemically important banks and controlling companies (D-SIBs) in respect of specified matters regarding the completion and submission of the form BA 701 relating to regulatory and economic capital information.

In addition to the submission requirements of the BA returns as specified in regulation 7 of the Regulations, D-SIBs are hereby directed to complete the amended form BA 701, attached hereto as Annexure A, for regulatory and economic capital information.

This proposed directive replaces Directive 7 of 2017, to ensure the regulatory and economic capital data is based on the proposed amendments to the Regulations.

1. Introduction

- 1.1 The purpose of the form BA 701 is to obtain selected information in respect of, among other things, total credit risk, counterparty credit risk, credit valuation adjustment, market risk and operational risk. This information aims to compare regulatory and economic capital.
- 1.2 The proposed Directive includes proposed amendments to the form BA 701 to ensure that the amended form correctly captures risk information and to ensure accuracy and validity.

2. Proposed Directive

- 2.1 In accordance with the provisions of section 6(6) of the Banks Act, D-SIBs are hereby

directed to:

- 2.1.1 complete the regulatory return, attached hereto as Annexure A, at a bank solo and controlling company consolidated level;
 - 2.1.2 comply with the respective directives and interpretations specified in regulation 6(3) of the Regulations for the completion of the form BA 701 in relation to regulatory and economic capital;
 - 2.1.3 complete and submit the form BA 701 in accordance with the respective requirements specified in Annexure A of this Directive; and
 - 2.1.4 submit the form BA 701 on a six-monthly basis, based on a calendar year (i.e. in relation to 30 June and 31 December of each relevant year), by no later than the 60th working day immediately following the relevant required reporting date.
- 2.2 In the case of a bank or controlling company with a financial year ending on a date other than 30 June or 31 December, the forecasted data contained in the form BA 701 may be the latest available data closest to the relevant financial year end, while the actual data will be the data as at 30 June or 31 December, as the case may be.

3. Invitation for comments

- 3.1 Banks, controlling companies and other interested persons are hereby invited to submit their comments in respect of the proposed Directive to the PA at SARB-PA@resbank.co.za and PA-ITS-Capital@resbank.co.za for the attention of Ms Tshegofatso Mudau by no later than 14 March 2025.

Fundi Tshazibana

Fundi Tshazibana
Chief Executive Officer

Date: 27/01/25

Encl. 1