

Draft

GOVERNMENT NOTICE

NATIONAL TREASURY

No.

2025

AMENDMENTS TO REGULATIONS IN TERMS OF THE BANKS ACT, 1990

The Minister of Finance has, in terms of section 90 of the Banks Act, 1990 (Act No. 94 of 1990), amended the Regulations relating to Banks which were published in Government Notice No. R. 1029 of 12 December 2012, as amended by Government Notice No. R. 261 of 27 March 2015, Government Notice No. R. 309 of 10 April 2015, Government Notice No. R. 297 of 20 May 2016, Notice No. 724 of 18 December 2020, Notice No. 1427 of 31 December 2020, Notice No. R. 943 of 31 March 2022, Notice No. 2561 of 30 September 2022, and Notice No. 2900 of 23 December 2022, and Notice No. 6342 of 26 June 2025, as set out in the Schedule.

SCHEDULE

Definitions

1. In this Schedule, "the Regulations" means the Regulations published under Government Notice No. R. 1029, in *Government Gazette* No. 35950 on 12 December 2012, as amended by-
 - (a) Government Notice No. R. 261, in *Government Gazette* No. 38616 of 27 March 2015;
 - (b) Government Notice No. R. 309, in *Government Gazette* No. 38682 of 10 April 2015;
 - (c) Government Notice No. R. 297, in *Government Gazette* No. 40002 of 20 May 2016;
 - (d) Notice No. 724, in *Government Gazette* No. 44003 of 18 December 2020;
 - (e) Notice No. 1427, in *Government Gazette* No. 44048 of 31 December 2020;
 - (f) Government Notice No. 943, in *Government Gazette* No. 46159 of 31 March 2022;
 - (g) Notice No. 2561, in *Government Gazette* No. 46996 of 30 September 2022;
 - (h) Notice No. 2900, in *Government Gazette* No. 47789 of 23 December 2022; and
 - (i) Notice No. 6342 in *Government Gazette* No. 52907 of 26 June 2025.

Amendment of Arrangement of Regulations

2. The Arrangement of Regulations is hereby amended:
 - (a) by the deletion of the following wording:
"MARKET RISK
28. Market risk (position risk) - Directives and interpretations for completion of monthly return concerning market risk (Form BA 320)".

Amendment of Regulation 23

3. Regulation 23 of the Regulations is hereby amended:
 - (a) by the deletion in subregulation (15)(b)(iv)(A) of subitem (ii);
 - (b) by the deletion in subregulation (15)(b)(iv) of the proviso (B);
 - (c) by the deletion in subregulation (15)(b)(iv) of the proviso (C);
 - (d) by the deletion of subregulation (15) of sub-paragraph(c);
 - (e) by the deletion in subregulation (15)(d)(ii) of proviso (B);

- (f) by the deletion in subregulation (15)(d)(iii) of proviso (B); and
- (g) by the deletion in subregulation (19) of paragraph (h).

Deletion of Regulation 28

- 4. Regulation 28 of the Regulations is hereby deleted.

Amendment of Regulation 29

- 5. Regulation 29 of the Regulations is hereby amended by the deletion in subregulation (2)(a) of subparagraph (i).

Amendment of Regulation 30

- 6. Regulation 30 of the Regulations is hereby amended by the substitution for the note immediately below subregulation (2)(c) of the following note:
 “Note: For the purpose of these Regulations the risk of a change in the capital value of instruments resulting from a change in interest rates shall be deemed to constitute market risk (position risk), and shall be reported in terms of the Prudential Standard on Market Risk issued by the Authority.”.

Amendment of Regulation 31

- 7. Regulation 31 of the Regulations is hereby amended by the substitution in subregulation (7)(a)(iii) for item (A) of the provisos of the following item:
 “(A) the bank shall calculate its relevant risk weighted exposure amount in respect of any equity investment in all types of funds held in the bank’s trading book in accordance with the relevant requirements specified in the Prudential Standard on Market Risk issued by the Authority;”.

Amendment of Regulation 36

- 8. Regulation 36 of the Regulations is hereby amended:
 - (a) by the substitution in subregulation (4)(c) for subparagraph (i) of the following subparagraph:
 “(i) The simplified standardised approach and/or standardised approach prescribed in the Prudential Standard on Market Risk issued by the Authority; or”;
 - (b) by the substitution in subregulation (4)(c) for subparagraph (ii) of the following subparagraph:
 “(ii) Subject to the fulfilment of specified quantitative and qualitative requirements, the prior written approval of and such further conditions as may be specified in writing by the Authority, the internal models approach prescribed in the Prudential Standard on Market Risk issued by the Authority;”;
 - (c) by the substitution in subregulation (9)(a) for subparagraph (i) of the following subparagraph:
 “(i) when the said bank or controlling company, as the case may be, and any relevant related or associated financial entity manage their exposure to and calculate their relevant required amount of capital and reserve funds in respect of market risk on a global consolidated basis, and the bank or controlling company complies with the relevant minimum requirements relating to offsetting of positions or exposures prescribed in the Prudential Standard on Market Risk issued by the Authority, the said bank or controlling company may report short positions and long positions in exactly the same instrument on a net basis and apply offsetting between relevant positions in accordance with the relevant requirements specified in the Prudential Standard on Market Risk no matter-”; and

- (d) by the substitution in subregulation (9)(a) for subparagraph (ii) of the following subparagraph: “(ii) when the relevant bank or controlling company assesses its exposure to foreign exchange risk on a global consolidated basis in terms of the standardised approach or the shorthand method within the simplified standardised approach, as relevant, envisaged in the Prudential Standard on Market Risk issued by the Authority, and finds it impractical to include in its consolidated exposure the actual currency positions of marginal operations, the said bank or controlling company may include as a proxy in its consolidated foreign-exchange exposure the approved internal limit in respect of each relevant currency for the said marginal operation, provided that the said bank or controlling company-”.

Amendment of Regulation 38

9. Regulation 38 of the Regulations is hereby amended:
- (a) by the substitution in subregulation (3) for paragraph (b) of the following paragraph: “(b) the minimum aggregate amount of qualifying common equity tier 1 capital and reserve funds, additional tier 1 capital and reserve funds and tier 2 capital and reserve funds, relating to market risk, that a bank is required to maintain, the bank shall in accordance with the relevant requirements prescribed in the Prudential Standard on Market Risk issued by the Authority, risk weight all relevant daily positions held in the bank’s trading book and all relevant positions held in the bank’s banking book.”.

Amendment of Regulation 39

10. Regulation 39 of the Regulations is hereby amended:
- (a) by the substitution in subregulation (14)(b)(viii)(E) for subitem (vii) of the following subitem: “(vii) other risks that may not be captured appropriately in the bank’s internal model, such as recovery rate uncertainty, implied correlations, or skew risk;”;
- (b) by the substitution in subregulation (14)(b)(ix) for item (C) of the following item: “(C) shall in appropriate cases ensure compliance with the relevant requirements relating to default risk, specified in the Prudential Standard on Market Risk issued by the Authority;”;
- (c) by the substitution in subregulation (14)(b)(ix)(E) for subitem (iii) of the following subitem: “(iii) tests conducted for periods longer than what is otherwise required in the bank’s process of backtesting, which longer time period may improve the power of the backtesting process, provided that a longer time period may not be desirable when the bank’s internal model or market conditions have changed to an extent that makes historical data irrelevant or less relevant;”;
- (d) by the substitution in subregulation (14)(b)(ix)(E) for subitem (iv) of the following subitem: “(iv) tests based on confidence intervals other than the 99 per cent interval required in respect of quantitative standards specified in the Prudential Standard on Market Risk issued by the Authority;”;
- (e) by the substitution in subregulation (14)(b)(ix)(E)(v) for sub-subitem (aa) of the following sub-subitem: “(aa) when data histories for a particular instrument do not meet the quantitative standards specified in the Prudential Standard on Market Risk issued by the Authority, and the bank has to map positions to proxies, in which case the bank shall ensure that the proxies produce conservative results under relevant market scenarios;”;
- (f) by the deletion in subregulation (14) of paragraph (c).

Date of commencement

11. These Regulations shall come into operation on 1 June 2026.