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SOUTH AFRICAN RESERVE BANK
Prudential Authority

File ref. no.: 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 amendments to the Regulations relating to Banks

Executive summary

The Prudential Authority (PA) continues to strive towards ensuring that the legal framework for the regulation and supervision of banks and banking groups in South Africa remains relevant.

As part of the internationally agreed regulatory reforms to promote the safety and soundness of the international financial system, the Basel Committee on Banking Supervision (BCBS) has issued various new or revised frameworks or requirements during recent years for implementation by member jurisdictions.

In this regard, on 7 December 2017, the BCBS issued the remaining components of the Basel III post-crisis regulatory reforms. The revised market risk and credit valuation adjustment frameworks were incorporated into prudential standards while the remaining post-crisis regulatory reforms were incorporated in the Regulations relating to Banks (Regulations) with effect from 1 July 2025.

In this regard, the Regulations will be amended to delete regulatory requirements related to the calculation of capital for market risk and credit valuation adjustment risk and to cater for other consequential amendments.

The PA invites all interested persons to submit their comments in respect of the relevant proposed amendments to the Regulations by no later than 10 April 2026.

1. Introduction

1.1 In response to the global financial crisis that commenced in 2007, the Group of Twenty (G-20) initiated a reform programme in 2009 to strengthen the International Financial Regulatory System.¹

1.2 In this regard, on 7 December 2017, as part of the internationally agreed regulatory

¹ G-20, Pittsburgh summit declaration: [Pittsburgh declaration](#)

reforms, the BCBS issued for implementation by member jurisdictions the remaining components of the Basel III post-crisis regulatory reforms.²

1.3 The revised market risk and credit valuation adjustments frameworks were incorporated into prudential standards while the remaining post-crisis reforms were incorporated in the Regulations.

1.4 It is, therefore, necessary to delete regulatory requirements dealing with the calculation of capital for market risk and credit valuation adjustment risk from the Regulations. As a result thereof, it is also necessary to make other consequential amendments.

2. Market risk

2.1 Regulation 28 on Market risk (position)- Directive and interpretations for completion of monthly return concerning market risk (Form BA 320) will be deleted;

2.2 Regulation 29(2)(a)(i) will be deleted;

2.3 Regulation 30(2)(c) and Regulation 31(7)(a)(iii)(A) will be amended to refer to the market risk requirements prescribed in the Prudential Standard on Market Risk;

2.4 Regulation 36(4)(c)(i) is amended to include the simplified standardised approach and the requirements prescribed in the Prudential Standard on Market Risk;

2.5 Regulation 36(4)(c)(ii) is amended to make reference to the internal models approach prescribed in the Prudential Standard on Market Risk;

2.6 Regulation 36(9)(a)(i) is amended to make reference to the Prudential Standard on Market Risk;

2.7 Regulation 36(9)(a)(ii) is amended to make reference to the standardised approach and the simple standardised approach as prescribed in the Prudential Standard on Market Risk;

2.8 Regulation 38(3)(b) is amended to make reference to the requirements prescribed in the Prudential Standard on Market Risk;

2.9 Regulation 39(14)(b)(viii)(E)(vii) is amended to make reference to the bank's internal model;

2.10 Regulation 39(14)(b)(ix)(C) is amended to make reference to the requirements prescribed in the Prudential Standard on Market Risk;

2.11 Regulation 39(14)(b)(ix)(E)(iii) is amended to make reference to the bank's internal model;

2.12 Regulation 39(14)(b)(ix)(E)(iv) and Regulation 39(14)(b)(ix)(E)(v)(aa) are amended to make reference to requirements prescribed in the Prudential Standard on Market Risk; and

2.13 Regulation 39(14)(c) is amended to delete requirements that have been prescribed in the Prudential Standard on Market Risk.

3. Credit valuation adjustment (CVA)

3.1 Regulation 23(15)(b)(iv)(A) is amended by the deletion of subitem (ii) relating to CVA requirements;

3.2 Regulation 23(15)(b)(iv) is amended by the deletion of proviso (B) relating to the calculation of the advanced approach for CVA risk;

3.3 Regulation 23(15)(b)(iv) is amended by the deletion of proviso (C) relating to CVA requirements;

3.4 Regulation 23(15) is amended by the deletion of paragraph (c) relating to requirements on the calculation of standardised CVA;

3.5 Regulation 23(15)(d)(ii) is amended by the deletion of proviso (B) relating to the capital requirements for CVA;

3.6 Regulation 23(15)(d)(iii) is amended by the deletion of proviso (B) relating to the capital requirements for CVA; and

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

3.7 Regulation 23(19) is amended by the deletion paragraph (h) relating to the capital requirements for CVA.

4. Proposed Directive

4.1 Based on the aforesaid and in accordance with the provisions of section 6(6) of the Banks Act 94 of 1990, all interested persons are hereby directed to take note of the proposed updated amendments to the Regulations, attached to this proposed directive as Annexure A, with a proposed implementation date of 1 June 2026.

4.2 Banks are also required to note the application of the Prudential Standards on Market Risk and CVA with effect from 1 July 2025 and that the outgoing market risk and CVA framework will only be deleted from the Regulations on 1 June 2026.

5. Invitation for comment

5.1 Banks and other interested parties are hereby invited to submit their comments on the proposed Directive to PA-Standards@resbank.co.za, for the attention of Ms K Naidoo, by 10 April 2026.

5.2 The comments received may be published on the South African Reserve Bank's website unless a respondent specifically requested confidential treatment.

Fundi Tshazibana
Chief Executive Officer

Date:

Encl.: 1