

**SOUTH AFRICAN RESERVE BANK
NOTICE 633 OF 2017
BANKS ACT, 1990**

**DESIGNATION OF AN INSTITUTION OF WHICH THE ACTIVITIES DO NOT
FALL WITHIN THE MEANING OF "THE BUSINESS OF A BANK"
("ITHALA SOC LIMITED" A WHOLLY OWNED SUBSIDIARY OF ITHALA
DEVELOPMENT FINANCE CORPORATION LIMITED)**

Under paragraph (cc) of the definition of "the business of a bank", in section 1(1) of the Banks Act, 1990 (Act No. 94 of 1990), I, Malusi Knowledge Nkanyezi Gigaba, Minister of Finance, hereby designate, for the period commencing 1 October 2017 and expiring on 30 September 2019, and subject to the conditions set out in paragraph 3 of the Schedule, an institution specified in paragraph 2 of the Schedule as an institution of which the activities do not fall within the meaning of "the business of a bank".



MKN GIGABA, MP
Minister of Finance

SCHEDULE

1. Definitions

In this Schedule, "the Banks Act" means the Banks Act, 1990 (Act No. 94 of 1990), as amended, and any word or expression to which a meaning has been assigned in the Banks Act or the Regulations relating to Banks shall bear the meaning so assigned thereto and, unless the context otherwise indicates-

"KwaZulu-Natal Ithala Development Finance Corporation Act" means the KwaZulu-Natal Ithala Development Corporation Act, 2013 (Act No. 5 of 2013);

"Ithala Development Finance Corporation Limited", formerly known as **"KwaZulu-Finance and Investment Corporation Limited"** means the development corporation known as Ithala Development Finance Corporation Limited, referred to in section 2 of the KwaZulu-Natal Ithala Development Finance Corporation Act;

"Ithala Corporation" means Ithala Development Finance Corporation Limited, a public company registered in terms of the Companies Act, 2008 (Act No. 71 of 2008);

"Ithala SOC Limited" means Ithala SOC Limited, a wholly-owned subsidiary of Ithala Corporation, being a state-owned company registered in terms of the Companies Act, 2008 (Act No. 71 of 2008)

"Regulations relating to Banks" means the Regulations relating to Banks published under Government Notice No. R. 1029 of 12 December 2012 as amended from time to time.

2. Institution

Ithala SOC Limited.

3. Conditions

3.1 The activities of a Ithala SOC Limited shall, in so far as they correspond to the activities contemplated in paragraphs (a), (b), (c) and (d) of the definition of "the business of a bank" in section 1(1) of the Banks Act, be performed by virtue of the powers conferred in terms of the provisions of the KwaZulu-Natal Ithala Development Finance Corporation Act: provided that Ithala SOC Limited may not, in the performance of its activities-

3.1.1 use, or refer to itself or any of its divisions by any name, description or symbol indicating, or calculated to lead persons to infer, that it or such a division is a bank registered as such under the Banks Act;

3.1.2 in respect of itself or any of its divisions or undertakings use a name or description that includes the word "bank", or any derivative thereof, or the words "building society", or any derivative thereof, unless such name or description is composed of words that include the word "bank" as part of a place-name or a personal name.

3.2 The activities of Ithala SOC Limited shall be-

3.2.1 managed in such a way that the 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 in the Republic does not at any time amount to less than an amount that represents 15 per cent of the sum of the amounts calculated by multiplying the average amounts of such different categories of-

(i) assets; and

(ii) other risk exposures in the conduct of Ithala SOC Limited's business, as prescribed by the Regulations relating to Banks, by risk weights expressed as percentages, as so set forth, in respect of such different categories of assets and other risk exposures;

3.2.2 performed while Ithala SOC Limited at all times holds an average daily amount of liquid assets in the Republic that shall not be less than an amount equal to 7.5 per cent of its total liabilities to the public.

3.2.3 managed in such a way that the leverage ratio, calculated as prescribed by the Regulations relating to Banks, is not less than 5 (five) per cent.

- 3.3 Ithala Corporation maintains, at its own cost, to the satisfaction of the Registrar of Banks, the "ring-fencing" of any deposit-taking activities within a separately capitalised and limited corporation, namely Ithala SOC Limited.
- 3.4 Ithala Corporation maintains a separation between the lending activities of Ithala Corporation, in particular the current loan and advances exposures, and any current and future deposit-taking activities, which deposit-taking activities will be conducted by Ithala SOC Limited.
- 3.5 Ithala SOC Limited shall fully comply with such prudential, reporting, and other regulatory requirements that may be imposed by the Registrar of Banks, from time to time.
- 3.6 Ithala SOC Limited shall be subject to supervision and enforcement by the Registrar of Banks to ensure compliance with the provisions of Financial Intelligence Centre Act 38 of 2001, as amended.

This notice substitutes Government Notice No. 236 as published in *Government Gazette* No. 40402 dated 04 November 2016.



**Malusi Knowledge Nkanyezi Gigaba, MP
Minister of Finance**

Signed at PRETORIA on this the 28TH day of JULY 2017