



## **ANNEXURE A**

# **FINANCIAL SECTOR CONDUCT AUTHORITY PRUDENTIAL AUTHORITY**

**Joint standard on the margin requirements for non-  
centrally cleared over the counter derivative  
transactions**

**General implementation questionnaire - 2021**

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## Introduction

This questionnaire addresses the general implementation requirements of the joint standard on non-centrally cleared over the counter (OTC) derivative transactions<sup>1</sup> (Joint Standard). The completion of the questionnaire is compulsory for all licenced OTC derivative providers (hereafter referred to as providers) as stipulated in paragraph 3 of the Joint Information Request.

Kindly submit any queries and final responses to this questionnaire to:

- Financial Sector Conduct Authority ([ODP.Communication@FSCA.co.za](mailto:ODP.Communication@FSCA.co.za)); and
- Prudential Authority ([marginrequirements@resbank.co.za](mailto:marginrequirements@resbank.co.za)) and the responding institution's respective frontline team, where applicable.

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<sup>1</sup> <https://www.resbank.co.za/en/home/publications/publication-detail-pages/prudential-authority/PA-financial-sector-regulation/sector-regulation-joint-standards/2020/9975>

## Entity details

1. Name of the entity
2. Registration details (number, date, place)
3. Name of a contact person
4. Title/position
5. Department
6. Telephone number
7. Email address

## Section A - General application

1. List all legal entities or divisions (e.g., branches, subsidiaries) in your organisation's group that engage in non-centrally cleared OTC derivatives to which the Joint Standard will apply.
2. Describe the complete set of governance arrangements under which the board of directors and senior management operate and will be involved in, pertaining to the compliance with the Joint Standard.
3. Describe the current scope of business in which non-centrally cleared OTC derivatives are transacted.
4. Provide the complete list of non-centrally cleared OTC derivative products currently transacted by your organisation that are subject to the initial and variation margin requirements as stipulated in the Joint Standard.

### Intra-group transactions

5. Provide the aggregate outstanding gross notional amount of non-centrally cleared OTC derivative transactions between the provider and the counterparty or foreign counterparty within a group, as at the end of month for March, April and May 2020.

### Cross-border transactions

6. Provide a list, including all documentary evidence, of all foreign jurisdictions for which your organisation is required to comply with margin requirements, where these foreign jurisdictions have implemented the Basel Committee on Banking Supervision-International Organization of Securities Commissions (BCBS-IOSCO) margin requirements framework<sup>2</sup>.
7. Where applicable, provide the set of applicable internal limits and risk management policies as noted in paragraph 2.3 (3) (e) of the Joint Standard.

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<sup>2</sup> <https://www.bis.org/bcbs/publ/d499.pdf>  
General implementation questionnaire- 2021

## **Section B - General requirements**

1. Provide a detailed account (including the submission of all relevant documentary evidence) of all processes, functions, and systems within your organisation leveraged in providing the capability to compute initial and variation margin.
2. Provide the set of documented processes, procedures, and board-approved policies applicable to a provider's non-centrally cleared OTC derivative transactions.
3. Provide a detailed account of the set of dispute resolution procedures, together with all associated control mechanisms in place.

## **Section C - Margins framework**

### **Initial Margin**

1. Provide a detailed account (including the submission of all relevant documentary evidence) of all methodologies, processes, functions, and systems within your organisation leveraged in the computation of initial margin (standardised method).
2. Provide the aggregate month-end average gross notional amount of OTC derivatives for March, April and May 2020 as well as March, April and May 2021 and indicate which phase, as stipulated in paragraph 4.2 of the Joint Standard, your organisation is expected to exchange initial margin across applicable counterparties or foreign counterparties.
3. Should a provider wish to adopt the quantitative portfolio margin model stipulated in paragraph 4.6 of the Joint Standard, please indicate so here and make use of the form (Form A) published alongside Joint Communication 4 of 2021.

### **Variation Margin**

4. Provide a detailed account (including the submission of all relevant documentary evidence) of all methodologies, processes, functions, and systems within your organisation leveraged in the computation of variation margin.
5. Based on your organisation's aggregate month-end average gross notional amount of OTC derivatives for March, April and May 2020, indicate when your organisation is expected to commence the exchange of variation margin, as stipulated in paragraph 5 (3) of the Joint Standard.

## **Section D - Collateral management framework**

1. Provide the set of documented processes, procedures, and board-approved policies applicable in determining and managing the process of ensuring collateral eligibility.
2. Provide a detailed account (including the submission of all relevant documentary evidence) of all processes, functions and systems within your organisation leveraged in providing the capability to manage and exchange cash and non-cash collateral.

3. Provide a detailed account (including the submission of all relevant documentary evidence) of all methodologies, processes, functions, and systems within your organisation leveraged in the computation of collateral haircuts (standardised method).
4. Should a provider wish to implement the risk-sensitive quantitative model-based haircut approach referred to in paragraph 6 (5) (e) of the Joint Standard, please indicate so here and make use of the form (Form B) published alongside Joint Communication 4 of 2021.