



South African Reserve Bank

Prudential Authority

Financial Sector Regulation Act, 2017

PA Communication 2 of 2020

Proposed implementation dates of specific regulatory frameworks as a result of the coronavirus disease (COVID-19) pandemic

The Prudential Authority (PA) today publishes this Communication and sets out the PA's proposed implementation dates in respect of specific regulatory frameworks as a result of the impact of COVID-19.

The spread of COVID-19 is having an increasingly significant impact on global economic activity and has placed the local economy under immense strain. The PA has already announced a number of regulatory and supervisory interventions to mitigate the impact of COVID-19, in addition to the mitigating measures announced and implemented by the South African Reserve Bank and the Government. In addition, the PA hereby proposes to revise the implementation dates for specific regulatory frameworks as set out in this Communication.

A key objective of prudential regulation and supervision is to promote the safety and soundness of financial institutions and ultimately a stable financial system that works in the interests of financial customers and that supports balanced and sustainable economic growth.

Whilst the PA continues to strive to ensure that the regulatory framework for the regulation and supervision of financial institutions remains relevant and current, the PA is mindful that the implementation of the upcoming regulatory frameworks during this period will place further strain on the resources and financial and operational capacity of financial institutions.

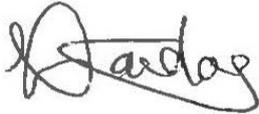
The proposed implementation dates as set out in **Annexure A** are informed by a number of considerations, including the actions taken by the relevant international standard-setting bodies; whether the implementation of the framework is aligned to the regulatory or supervisory actions taken by the PA to date in response to COVID-19 and South Africa's overall progress in the implementation of certain internationally agreed frameworks and their relevant implementation dates.

Where applicable, parallel runs will commence at least three months prior to the relevant proposed implementation date, the relevant details of which will also be communicated by the PA in due course.

The regulatory frameworks and the proposed implementation dates set out in this Communication are not an exhaustive list of the regulatory frameworks currently in development by the PA. Any additional regulatory frameworks currently planned or in development will continue and the PA will assess the implementation of such frameworks on a case-by-case basis following the public consultation process and

the outcomes of the statement of expected impact that forms an integral part of the development of the regulatory frameworks. The regulatory frameworks currently in development between the PA and the Financial Sector Conduct Authority in the form of joint standards will be dealt with through a separate joint communication by the two Authorities.

Financial institutions are hereby invited to submit their comments in respect of this Communication on or before 11 May 2020 to PA-Standards@resbank.co.za for the attention of Ms L Horsley. Any recommendations to deviate from the proposed implementation dates must be duly motivated.



Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 29 April 2020

Annexure A

Based on the aforesaid, the PA proposes to implement the outstanding regulatory frameworks on the dates set out below:

Regulatory Reform	Original implementation date	Proposed implementation date
Standardised Approach to Counterparty Credit Risk (SA-CCR)	1 October 2020	1 January 2021
Capital requirements for bank exposures to central counterparties	1 October 2020	1 January 2021
Capital requirements for banks' equity investments in funds	1 October 2020	1 January 2021
Revisions to the securitisation framework	1 January 2021	1 April 2021
Total Loss Absorbing Capacity (TLAC) Holdings	1 January 2021	1 April 2021
Large Exposures Framework	1 January 2021	1 April 2021
Interest rate risk in the banking book	1 June 2022	1 June 2022
Interest rate risk in the banking book: Disclosure requirements	1 June 2022	1 June 2022
Minimum capital requirements for market risk	1 January 2023	1 January 2023
Revised standardised approach for credit risk framework	1 January 2023	1 January 2023
Revised internal ratings based approach framework	1 January 2023	1 January 2023
Revised credit valuation adjustment framework	1 January 2023	1 January 2023
Revised operational risk framework	1 January 2023	1 January 2023
Revised leverage ratio – revised exposure definition	1 January 2023	1 January 2023
Output floor	1 January 2022: 50% 1 January 2023: 55% 1 January 2024: 60% 1 January 2025: 65% 1 January 2026: 70% 1 January 2027: 72.5%	1 January 2023: 50% 1 January 2024: 55% 1 January 2025: 60% 1 January 2026: 65% 1 January 2027: 70% 1 January 2028: 72.5%
Audit requirements for insurers	1 September 2020 (to be released for public consultation in May 2020)	1 September 2020
Financial Conglomerates Prudential Standards	1 January 2022	1 January 2022