

Prudential Communication 14 of 2026

Financial Sector Regulation Act, 2017 (Act No. 9 of 2017)

Notice of invitation to comment: Prudential Standard FSI 6: Liquidity Risk Management for Insurers

Objective of this Prudential Communication

This communication serves to inform all interested persons and financial institutions regulated and supervised by the Prudential Authority (PA) of the publication of the Prudential Standard FSI 6: Liquidity Risk Management for Insurers for consultation, in terms of section 98 of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017) (FSR Act).

1. Application

- 1.1 This Prudential Communication is applicable to all interested persons and financial institutions regulated and supervised by the Prudential Authority (Authority).

2. Introduction

- 1.1 The Authority is publishing the proposed Prudential Standard FSI 6 – Liquidity Risk Management for Insurers (Standard) for formal consultation.
- 2.2 The first draft of the Standard was released for informal public consultation on 28 May 2024 and the relevant comments received through that process were incorporated into the revised draft Standard.

3. Purpose

- 3.1 The Standard seeks to strengthen the regulatory framework for identifying, assessing, monitoring, managing and reporting liquidity risk by insurers.
- 3.2 The proposed Standard is intended to repeal and replace the current Prudential Standard FSI 6 – Liquidity Risk Assessment which does not adequately address insurers' resilience to sudden cashflow pressures and seeks to close this gap by aligning domestic requirements with the International Association of Insurance Supervisors' framework.
- 3.3 The proposed Standard introduces a consistent Insurance Liquidity Ratio, embeds liquidity risk within insurers' risk appetite frameworks, strengthens stress testing requirements, requires insurers to maintain appropriately valued high-quality liquid assets, and introduces monthly cash-flow reporting requirements. These measures

support the early detection and mitigation of liquidity risks, thereby protecting policyholders and promoting financial stability.

3.3 The Authority has also prepared a draft Guidance Notice to assist insurers in complying with the Standard. It provides illustrative approaches that insurers may consider when identifying, measuring and managing funding and liquidity risk.

3.4 The Authority invites written comments on the following published instruments:

3.4.1 Annexure A: the draft Standard;

3.4.2 Annexure B: the draft Guidance Notice;

3.4.3 Annexure C: the Statement explaining the need for, and the intended operation and expected impact of the Standard;

3.4.4 Annexure D: the Determination Notice for Haircuts and Asset Types; and

3.4.5 Annexure E: the Determination Notice for Reporting Obligations (accompanied by the Liquidity Return template - Annexure A of Annexure E).

4. Enquiries

4.1 Written comments on the above documentation must be submitted using the Comment Template (Annexure G), which is also available on the Authority's website.

4.2 Comments must be submitted on or before 27 November 2026 to PA-Standards@resbank.co.za for the attention of Mr Pierre Mananga and Mr Joshua Arendse.

Fundi Tshazibana

**Fundi Tshazibana
Chief Executive Officer**

Date: 14/10/26