



## Prudential Communication 9 of 2026

### Banks Act No. 94 of 1990

#### Notification to banks regarding the Prudential Authority's intention to derecognise Moody's Investors Service South Africa (Pty) Ltd as an eligible external credit assessment institution

##### ***Objective of this Prudential Communication***

*This Prudential Communication serves to notify all banks, branches of foreign institutions, controlling companies and auditors of banks or controlling companies that the Prudential Authority intends to derecognise Moody's Investors Service South Africa (Pty) Ltd as an eligible external credit assessment institution.*

### 1. Application

1.1 This Prudential Communication is applicable to all banks, branches of foreign institutions, controlling companies, eligible institutions and auditors of banks or controlling companies hereinafter collectively referred to as 'banks'.

### 2. Purpose

2.1 The purpose of this Prudential Communication is to notify all banks that the Prudential Authority (PA) intends to derecognise Moody's Investors Service South Africa (Pty) Ltd (Moody's Ratings-SA) as an eligible external credit assessment institution (ECAI).

### 3. Introduction

3.1 South Africa is among the Basel Committee on Banking Supervision member jurisdictions that permit the use of external credit ratings for the determination of a bank's minimum required regulatory capital and reserve funds for credit risk. The external credit ratings that are allowed to be used for capital purposes must be issued by credit rating agencies which are recognised as ECAIs by national supervisors. Banks are required to map their exposures to ratings issued by eligible ECAIs, in accordance with regulation 23 of the Regulations relating to Banks (Regulations).

## 4. Legal framework

- 4.1 Section 85A of the Banks Act 94 of 1990 (Banks Act), stipulates that no bank or controlling company may use a credit rating from an ECAI to calculate its minimum required regulatory capital and reserve funds related to credit risk, unless such ECAI has received prior written approval from the PA to act as an eligible institution.<sup>1</sup>
- 4.2 In line with this requirement, the PA assesses ECAIs against the eligibility criteria set out in regulation 51 of the Regulations to determine whether they may be recognised as eligible.
- 4.3 In terms of Directive 7 of 2023<sup>2</sup> on Matters relating to eligible ECAIs, the PA specifies the eligible ECAIs banks can nominate, whose credit ratings may be used for regulatory purposes and requires banks to formally notify the PA of their nominated eligible ECAIs.
- 4.4 Moody's Ratings-SA is recognised as an eligible ECAI by the PA in terms of section 85A of the Banks Act. The recognition allows South African banks to use credit ratings issued by Moody's Ratings-SA for risk-weighting purposes.
- 4.5 Moody's Ratings-SA is registered and licensed as a credit rating agency (CRA) in terms of section 5 of the Credit Rating Services Act 24 of 2012 (CRS Act).
- 4.6 In terms of section 4(1) of the CRS Act, where a regulated person uses published credit ratings for regulatory purposes, such a regulated person must use credit ratings that are issued by CRAs registered in accordance with the CRS Act.

## 5. Communication rationale

- 5.1 On 16 April 2026, the Financial Sector Conduct Authority (FSCA) published the notice of cancellation of registration of Moody's Ratings-SA in *FSCA CRA Notice 1 of 2026*<sup>3</sup> as a CRA in terms of the CRS Act. For a CRA to be regarded and granted approval as an eligible ECAI in terms of the Banks Act, the CRA is required to first be registered and licensed in terms of the CRS Act.
- 5.2 This Prudential Communication serves to inform banks of the PA's intention to derecognise Moody's Ratings-SA as an eligible ECAI in South Africa, effective 24 months from the date of publication of the *FSCA CRA Notice 1 of 2026*. Accordingly, banks may continue to use the external credit ratings issued by Moody's Ratings-SA until the end of this 24-month period, after which the PA intends to issue an updated Directive on Matters relating to eligible ECAIs to replace Directive 7 of 2023, and to effect the derecognition of Moody's Ratings-SA.

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<sup>1</sup> Section 1 of the Banks Act defines an eligible institution as an ECAI or export credit agency that meets specified minimum requirements and has been approved in writing by the PA.

<sup>2</sup> [D7-2023 - Directive on matters relating to eligible external credit assessment institutions.](#)

<sup>3</sup> [Regulated People And Entities](#)

## **6. Enquiries**

6.1 Any enquiries regarding this communication must be directed to:  
[rsd-creditrisk@resbank.co.za](mailto:rsd-creditrisk@resbank.co.za).

**Fundi Tshazibana**  
**Chief Executive Officer**

**Date:**