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SOUTH AFRICAN RESERVE BANK
Prudential Authority

Prudential Communication 6 of 2021

Banks Act, 1990

Proposed implementation dates in respect of specified regulatory reforms for banks

The Prudential Authority (PA) issued Guidance Note 7 of 2020 on 24 June 2020.

This Guidance Note indicated proposed implementation dates for certain specified regulatory reforms for banks.

The Standardised Approach to Counterparty Credit Risk (SA-CCR), capital requirements for bank exposures to central counterparties, and capital requirements for banks' equity investments in funds were accordingly implemented on 1 January 2021 as proposed.

The revisions to the securitisation framework, Total Loss Absorbing Capacity Holdings (TLAC) framework, and the supervisory framework for measuring and controlling large exposures (LEX) were not implemented on 1 April 2021.

In a letter dated 31 March 2021 the PA informed the Banking Association South Africa, based on the comments received from the banking industry on the proposed amendments to the Regulations relating to Banks (Regulations) and proposed Directive issued in terms of the Securitisation framework, that the PA would require further industry engagement prior to implementation thereof; and new proposed implementation dates will be communicated in due course.

The PA issued proposed amendments to the Regulations on 29 July 2020, which incorporated both the TLAC and LEX. In the proposed Directive dated 16 March 2021, the industry was consulted on the new proposed implementation date of the proposed LEX, of 1 July 2021. Based on the comments received from the industry on the proposed Regulations and proposed Directive issued in terms of LEX, the PA would require further industry engagement prior to implementation thereof. Since the proposed amendments to the Regulations incorporated both the TLAC and the LEX requirements, the implementation of the TLAC will also be deferred. A new proposed implementation date will be communicated in due course.

An updated set of proposed implementation dates for the remaining specified regulatory reforms will also be communicated in due course.

A handwritten signature in black ink, appearing to read 'Kuben Naidoo'.

Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 30 June 2021