

Prudential Communication 2 of 2022

Regulations relating to the Banks Act 94 of 1990

Proposed amendments to the Regulations relating to Banks:

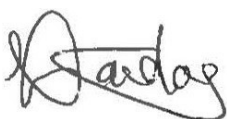
Supervisory framework for measuring and controlling large exposures; and total loss-absorbing capacity holding standard

During the past few years, the Prudential Authority (PA) published proposed Directives dealing with proposed amendments to the Regulations relating to Banks (the Regulations) in order to engage all interested persons. These proposed Directives dealt primarily with the revised supervisory framework for measuring and controlling large exposures; and the total loss-absorbing capacity holding standard. This is to align the Regulations to the international standards issued by the Basel Committee on Banking Supervision which is required to be implemented by member jurisdictions. The PA also published a formal statement of the need for, expected impact and intended operation of the proposed amendments to the Regulations together with the proposed amendments to the Regulations. All interested persons were invited to submit their comments related to the aforementioned documents to the PA. The PA subsequently held extensive discussions with all interested persons to ensure that the potential impact, costs and benefits of the proposed amendments to the Regulations are duly considered.

On 9 July 2021 the PA published Guidance Note 4 of 2021 (G4/2021) setting out the proposed implementation dates in respect of specified regulatory reforms. These dates include a proposed implementation date of 1 January 2022 in respect of the revised supervisory framework for measuring and controlling large exposures; and the total loss-absorbing capacity holding standard.

However, the PA informed all interested persons that amendments to the Regulations are ultimately promulgated by the Minister of Finance (the Minister) in terms of section 90 of the Banks Act, 1990. All interested persons are reminded that only when the National Treasury and the Minister have concluded their respective processes, have considered any relevant proposed amendments to the Regulations; and are satisfied that a sufficiently robust consultation process has been followed, will the Minister promulgate such amendments for implementation. As such, the Minister determines and subsequently publishes the implementation date of amendments to the Regulations.

Therefore, given that the Minister has not yet promulgated the amendments to the Regulations to incorporate the revised supervisory framework for measuring and controlling large exposures and the total loss-absorbing capacity holding standard, these frameworks will not be effective from 1 January 2022, as originally envisaged in G4/2021. The National Treasury has in the meantime indicated that they are processing the amendments to the Regulations and are working towards an implementation date of 1 April 2022.



Kuben Naidoo
Deputy Governor and CEO: Prudential Authority

Date: 27 January 2022