



## Prudential Communication 5 of 2023

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

### Publication of Prudential Standard RA02 – Transfers of Assets and Liabilities of a Designated Institution in Resolution

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

*This communication notifies all designated institutions of the publication of the Prudential Standard RA02 – Transfers of Assets and Liabilities of a Designated Institution in Resolution. The Standard is issued in terms of section 105 of the Financial Sector Regulation Act No.9 of 2017 (FSR Act) as amended by the Financial Sector Laws Amendment Act No.23 of 2021 (FSLA Act) (the Act).*

#### **1. Application**

- 1.1 This communication is applicable to all designated institutions as defined in the Act.

#### **2. Purpose**

- 2.1 The purpose of this communication is to notify designated institutions that the Prudential Authority intends to publish Prudential Standard RA02 – Transfers of Assets and Liabilities of a Designated Institution in Resolution (the Standard).

#### **3. Introduction**

- 3.1 The Standard complements and gives effect to some of the principles contained in Chapter 12A of the Act, by laying down sound practices and processes in respect of transfers of assets and liabilities of a designated institution in resolution.
- 3.2 The Standard sets-out the requirements that designated institutions need to comply with, including capabilities to build to enable the execution of transfers in resolution. In addition, the Standard provides for safeguards to be applied particularly in partial transfers, to protect the integrity of certain financial arrangements such as netting agreements to avoid unintended consequences of partial transfer strategies in resolution.
- 3.3 Ultimately the objective of the Standard is to enable the Reserve Bank to prepare for an orderly resolution and execute transfer powers effectively, in line with international standards and principles for the orderly resolution of designated institutions.

- 3.4 The consultation report as contemplated under section 104(1), together with the statement explaining the need for, the intended operation and the expected impact of the Standard as contemplated in section 98(1) of the Act, are published together with the Standard on the Prudential Authority's website. The Standard will come into effect on 1 June 2023.
- 3.5 Any enquiries regarding this communication or the Prudential Standard may be submitted via email to [FST-RPD@resbank.co.za](mailto:FST-RPD@resbank.co.za) for the attention of Mr Jacques Botes and Mrs Linah Masoha.

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

**Date:**