SOUTH AFRICAN RESERVE BANK
Prudential Authority

Prudential Communication 10 of 2024

Banks Act, 1990 (Act No. 94 of 1990)

Invitation for comment– Draft amendments to the Commercial Paper Exemption Notice, 1994

> *Objective of this Prudential Communication*
>
> *This Prudential Communication serves to communicate the intention of the Prudential Authority to amend the Commercial Paper Exemption Notice, dated 14 December 1994, (CP Exemption Notice, 1994) and to invite comments on proposed amendments.*
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> *This communication further relates to the provisions of section 11(1) of the Banks Act, 1990 (Act No. 94 of 1990) (Banks Act) which states that any person that issues commercial paper without complying with the provisions of the CP Exemption Notice, 1994 would be conducting the "business of a bank" in contravention of the Banks Act.*

1.   Application

1.1   This Prudential Communication is for the attention of all interested parties, including bank and non-banks, in relation to the proposed amendments to the Commercial Paper Exemption Notice dated 14 December 1994 (CP Exemption Notice, 1994) issued in accordance with the provisions of section 11(1) of the Banks Act. 1990 (Act No. 94 of 1990) (Banks Act).

2.   Purpose

2.1   This Prudential Communication serves to communicate the intention of the Prudential Authority (PA) to amend the CP Exemption Notice, 1994 and to invite comments on the draft amended CP Exemption Notice.

3.   Invitation for comment

3.1   In terms of section 11(1) of the Banks Act, no person shall conduct the "business of a bank" unless such person is a public company and registered as a bank in terms of the Bank Act. In accordance with the provisions of the Banks Act, the PA, with the approval of the Minister of Finance (Minister), may designate certain activities as not being "the business of a bank" for purposes of the Banks Act. One such activity is the issuance of commercial paper, to which this consultation relates.

3.2   On 30 August 2023, the PA concluded public consultations on the draft amended CP Exemption Notice. The consultation included a Position Paper[1] to explain the rationale

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[1] The position paper and Industry survey are available on this link.

behind the proposed amendments. Additionally, the PA published an industry survey on specific matters relating to proposed amendments to the CP Exemption Notice. The survey aimed to solicit input on potential benefits and unintended consequences of the proposed amendments.

3.3   The PA has considered the comments received from the 2023 consultation as well as the responses received from the industry survey. As a result, thereof, the PA has made further amendments and refinements to the draft amended CP Exemption Notice.

3.4   In recognition of the substantial changes made to the draft amended CP Exemption Notice, it is necessary for the PA to conduct further consultation on the revised version of the draft amended CP Exemption Notice. Furthermore, the PA seeks to provide transparency to market participants through an exhaustive consultation process prior to finalising the draft amended CP Exemption Notice.

3.5   Upon the conclusion of this consultation process, the PA will conduct a final round of consultation prior to seeking the approval of the Minister for the finalisation of the draft amended CP Exemption Notice. Once finalised, the draft amended CP Exemption Notice will be published in the Government Gazette and will repeal CP Exemption Notice, 1994.

3.6   In this regard, the Prudential Authority publishes the following documentation for consultation:

3.6.1 Draft Amendments to the CP Exemption Notice – Annexure A; and

3.6.2 Comments Template: Draft Amendments to the CP Exemption Notice – Annexure B.

4.   Submission requirements

4.1   Comments on the draft amended CP Exemption Notice must be made using the Comments Template (Annexure B) and submitted to PA-Standards@resbank.co.za for the attention of Mr Bob Chibi on or before **12 August 2024**.

4.2   Any enquiries regarding this communication must also be directed to the aforementioned e-mail address.

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Fundi Tshazibana
Chief Executive Officer

Date: