

JOINT COMMUNICATION 1 OF 2025

Determination of eligible collateral and risk management measures for the use of non-cash collateral in terms of Joint Standard 2 of 2020 – Margin requirements for non-centrally cleared over the counter derivative transactions

1. Purpose

The purpose of this Joint Communication is to notify all interested persons that today, the Financial Sector Conduct Authority and the Prudential Authority (the Authorities) published the following determinations in terms of *Joint Standard 2 of 2020: Margin requirements for non-centrally cleared over-the-counter derivative transactions* (as amended) (Joint Standard):

- (a) in terms of paragraphs 6(2)(c) of the Joint Standard, the Authorities determine that the United States of America government bonds, the United Kingdom government bonds, and the European Central Bank government bonds, with a credit rating issued by a rating agency regulated by a securities regulatory authority that is a member of the International Organization of Securities Commissions, constitute eligible collateral as outlined in Joint Notice 1 of 2025; and
- (b) in terms of paragraph 6(2A) of the Joint Standard, the Authorities determine that the use of the specified collateral is subject to the implementation of the risk management requirements as set out in Joint Notice 2 of 2025.

2. Background

- 2.1 On 2 June 2020, the Authorities published the Joint Standard which came into effect on 16 August 2021. On 31 August 2021, the Authorities issued a Joint Discussion Document¹ (2021 Joint Discussion Document), setting out the initial plan for the expansion of eligible collateral, amongst other matters. The 2021 Joint Discussion Document highlighted that the expansion to eligible collateral would be undertaken in a phased manner. On 13 December 2022, the Authorities determined that South African government bonds may be used as eligible collateral to meet the margin requirements².

¹ Accessible on the FSCA's website at: [Joint Discussion Document - expansion of eligible collateral round 1](#)

² Accessible on the FSCA Website at: <https://www.fsc.co.za/Notices/Joint%20Notice%20of%202022%20and%20Joint%20Communication%20of%202022.zip>

2.2 Table 1 below sets out current eligible collateral types:

Table 1: Eligible collateral used towards satisfying margin requirements

Date	Instrument	Eligible collateral type
2 June 2020	Joint Standard 2 of 2020 ³	Cash and gold
13 December 2022	Joint Notice 2 of 2022 ⁴	South African central government bonds

2.3 The Joint Standard was amended on 9 June 2023 to provide for the determination of risk management requirements, amongst others⁵.

2.4 Paragraph 6(2) of the Joint Standard explicitly specifies cash and gold as the permissible eligible collateral types and enables the Authorities to determine, in writing, other assets or instruments that may constitute eligible collateral for purposes of satisfying initial and variation margin requirements.

2.5 In addition, paragraph 6(2)(A) of the Joint Standard empowers the Authorities to determine and impose conditions on risk management, internal controls and assurance requirements related to the use of non-cash collateral.

2.6 On 27 May 2024, the Authorities published a second Joint Discussion Document⁶ (under Joint Communication 3 of 2024) (2024 Joint Discussion Document) on the expansion of eligible collateral types and the risk management measures for the use of non-cash collateral, in terms of the Joint Standard. Comments were invited from all interested persons and comments were due to the Authorities by 8 July 2024.

3. CONSULTATION PROCESS FOLLOWED ON THE PROPOSALS

3.1 Submissions on the proposals in the 2024 Joint Discussion Document were received from six industry stakeholders. All commentators were in support of the expanded collateral types and risk management requirements. The Authorities considered all the submissions received and compiled a consultation matrix setting responses to each of the comments received. A copy of the comment matrix with responses is attached to this communication as Annexure A.

³ [Joint Standard on Margin Requirements for non-centrally cleared OTC derivative transactions](#)

⁴ FSCA website at : [Joint Notice 2 of 2022](#) and PA website at: <https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-financial-market-infrastructure/market-infrastructure-joint-standards/2022/joint-communication-3-of-2022/Joint%20Notice%20of%202022.pdf>

⁵ Accessible on FSCA website at: [Joint Standard Amendment 1 of 2023 - Amendments to Joint Standard 2 of 2020](#) and PA website at [Joint Standard 2 of 2020 Margin Requirements as amended 09 June 2023.pdf](#)

⁶ See: Prudential Authority website at <https://www.sarb.co.za/en/home/publications/publication-detail-pages/prudential-authority/pa-public-awareness/Communication/2024/Joint-Communication-3-of-2024-Margin-Requirements-Joint-Discussion-Documents-on-the-Expansion-to-Eligible-Collateral> and FSCA website at [Joint Communication 3 of 2024](#)

- 3.2 In addition to the collateral types proposed in the 2024 Joint Discussion Document, the Authorities requested inputs on other collateral types for consideration in subsequent rounds of consultation as part of future expansion of collateral types. The Authorities will engage all interested persons in due course on further additional assets or instruments that may be considered in satisfying regulatory margin obligations in terms of paragraph 6(2) of the Joint Standard.
- 3.3 The comments received have not necessitated any changes to the proposed collateral types or the risk mitigation measures that was issued for public consultation. As such, the Authorities have concluded on the consultation process and published the notices setting out the determinations in this regard.
- 3.4 The Joint Notices and this Joint Communication are available on the websites of the Authorities at www.fsca.co.za and www.resbank.co.za.

4. ENQUIRIES

Requests for further information about this Joint Communication, Joint Notice, and Joint Standard may be submitted via email to FSCA.RFDStandards@fsca.co.za and marginrequirements@resbank.co.za.



Unathi Kamlana
Commissioner
FINANCIAL SECTOR CONDUCT AUTHORITY

DATE: 17 APRIL 2025

Fundi Tshazibana
Chief Executive Officer
PRUDENTIAL AUTHORITY

DATE: