



Prudential Notice 3 of 2025

FINANCIAL SECTOR REGULATION ACT, 2017 (ACT NO. 9 OF 2017) BANKS ACT, 1990 (ACT NO. 94 of 1990)

DETERMINATION OF THRESHOLDS IN TERMS OF THE PRUDENTIAL STANDARD ON CREDIT VALUATION ADJUSTMENT

The Prudential Authority (PA) issued the Prudential Standard: Credit Valuation Adjustment (CVA) (Prudential Standard) on 30 June 2025 that comes into effect on 1 July 2025. The Prudential Standard sets out the principles and requirements for CVA for banks. In addition, the Prudential Standard enables the PA to determine a materiality threshold for the alternative treatment of CVA, being the Standardised Approach for Counterparty Credit Risk (SA-CCR), and thresholds for market capitalisation (market cap).

In accordance with the provisions of paragraphs 6.5(a) and 8.13(a)(ii) of the Prudential Standard, the PA hereby determines the thresholds set out in the attached Schedule.

The thresholds may be amended from time to time through a new determination. This will be a consultative process and banks will be provided an adequate transitional period before the new thresholds become applicable.

Fundi Tshazibana
Chief Executive Officer

Date: 2025-06-30

SCHEDULE

DETERMINATION OF THRESHOLDS IN TERMS OF THE PRUDENTIAL STANDARD ON CREDIT VALUATION ADJUSTMENT

1. Definitions

In this Notice, “Prudential Standard” means the Prudential Standard on Credit Value Adjustment and any word or expression to which a meaning has been assigned in the Prudential Standard bears the meaning so assigned to it, unless the context indicates otherwise.

2. Thresholds

Banks must use the following thresholds for the alternative treatment of Credit Valuation Adjustment (CVA), being the Standardised Approach for Counterparty Credit Risk (SA-CCR), and thresholds for market capitalisation (market cap).

Requirements	Basel Committee on Banking Supervision thresholds	Threshold determination applicable to banks	Exclusions
Materiality threshold for alternative treatment	EUR100 billion	R1.7 trillion	Global systemically important banks and domestic systemically important banks will not be allowed to use SA-CCR towards the determination of CVA capital requirements
Large market cap	USD2 billion	Greater than or equal to R32.7 billion	-
Small market cap	USD2 billion	Less than R32.7 billion	-