



Prudential Communication 9 of 2025

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

Publication of the Prudential Standards on Market Risk and Credit Valuation Adjustment as well as related determinations

The Prudential Authority (PA) has today published the Prudential Standard on Market Risk and the Prudential Standard on Credit Valuation Adjustment (CVA) for banks, including related documentation.

The Prudential Standards were subject to public consultation in July 2022 and October 2023. Comments received from the public consultation were taken into consideration in drafting of the final prudential standards. The published consultation reports prepared on the Prudential Standards can be referenced for further information on the consultation process.

The Prudential Standards were tabled in Parliament on 27 May 2025 and were thereafter made by the Prudential Committee in terms of section 42(b)(vi) of the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017).

In addition to the Prudential Standards and the related consultation reports, the PA also published the following determinations that will operationalise certain relevant aspects related to the market risk and CVA frameworks:

- (a) Determination of the eligibility criteria for the use of the Simplified Standardised Approach;
- (b) Determination of threshold values in terms of the Prudential Standard on Market Risk;
- (c) Determination of threshold values in terms of the Prudential Standard on CVA; and
- (d) Determination on interim reporting requirements for market risk and CVA.

The PA is in the process of engaging with the Minister of Finance to repeal the outdated frameworks on market risk and CVA from the Regulations relating to Banks. Banks are expected to use the Prudential Standards to calculate capital requirements relating to market risk and CVA.

The Prudential Standards and associated determinations have an effective date of 1 July 2025.

The Prudential Standards and determinations may be accessed on the website of the PA.

Fundi Tshazibana
Chief Executive Officer

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