SOUTH AFRICAN RESERVE BANK
Prudential Authority

Draft Prudential Standard RA-04: Requirements for Valuators Appointed for Resolution Purposes

Consultation Report

October 2025

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1. Purpose

1.1 Section 104 (1) of the Financial Sector Regulation Act, 2017 (Act No.9 of 2017) (the FSR Act) states that with each regulatory instrument, the maker must publish a consultation report which must include:
(a) a general account of the issues raised in the submissions made during the consultation; and
(b) a response to the issues raised in the submissions.

1.2 The purpose of this document is to set out, as required in terms of Section 104(1) of the Financial Sector Regulation Act, 2017 (FSR Act), a report on the consultation process undertaken in respect of the draft Prudential Standard RA-04: Requirements for Valuators Appointed for Resolution Purposes.

2. Summary of the consultation process

2.1. On 17 July 2025, the Prudential Authority (PA) published the following documents for the consultation in terms of section 98 of the FSR Act, with comments due on 27 August 2025:
2.1.1. the draft Prudential Standard RA – XX: Requirements for Valuators Appointed for Resolution Purposes (draft Prudential Standard);
2.1.2. the draft statement of need for, expected impact, and intended operation of the draft Prudential Standard (Statement);
2.1.3. a notice inviting comments; and
2.1.4. the comment template for the draft Prudential Standard.

2.2. A total of 55 comments were received from three different commentators on the draft Prudential Standard as published for public comment, which included general comments.

2.3. A general account of issues raised during the consultation process and the PA' responses to the comments, details of the commentators, as well as the full set of comments are attached hereto as Tables 1, 2, and 3 below. All comments received as part of the public consultation process were considered. ,

2.4. A general account of the issues raised in the submission made during the consultation are set out in the table 1 below. Details of commentators and the full set of comments and responses are detailed below in Table 2 and Table 3 below.

Table 1 – Summary of the comments received during the consultation

Paragraph of the draft Prudential Standard	Summary of comments	Response from the PA
Definitions and interpretation	• Request for clarity on certain terms used in the draft Prudential Standard and new definitions were proposed.	• Clarification was provided on terms and some terms were defined to align to other publications, for example resolution entity and resolution support entity.
Accuracy, validity, completeness and timeliness requirements.	• Comments related to the appropriateness of these requirements during a period of instability and the suggestion is to adopt generally accepted principles of fair, prudent and realistic valuations.	• The requirement in the Prudential Standard is aimed at best effort and professional-ethical judgement from the Valuer and not to be too prescriptive.
Applicability	• Request of clarity on whether the draft Prudential Standard places obligations on designated institutions.	• The Standard applies to Valuators, in relation to designated institutions. There are no obligations placed on designated institutions in the draft Prudential Standard.
Pre-approved or recommended Valuators	• Clarity on whether the Reserve Bank intends to publish a list of pre-approved or recommended Valuators	• Clarity was provided, the Reserve Bank does not intend publishing list of recommended or pre-approved Valuators
Independence	• Commentators had various clarification questions related to the independence requirement, for example whether the valuator needs to be independent from the Reserve Bank and whether conflicts of interest would need to be disclosed.	• Clarity was provided on all the questions related to the independence requirement.
Prudential Standard RAXX—Identification of Resolution Group	• Concerns around alignment with the forthcoming Prudential Standard RAXX – Identification of Resolution Group.	• The PA noted the concern and has amended the draft Prudential Standard applicable to valuators to align with the draft Prudential Standard RAXX – Identification of Resolution Group. • The PA will aim to align implementation of the two draft Prudential Standards.
Valuation ranges, valuation buffers and confidence ranges.	• Commentators suggested that guidance be provided on the detailed requirements for valuation ranges, valuation buffers and confidence ranges.	• The PA noted the suggestions and clarified that such details will be provided in the engagement letter to the valuator. The PA may issue further guidance in due course.

Valuation models	• Commentators recommend that include minimum criteria for model validation, back-testing, and stress testing to ensure reliability and comparability of valuation outcomes be issued.	• The PA noted the suggestion and may issue guidance.
Valuation requirements for establishing a bridge institution	• Commentators assumed that this draft Prudential Standard only applies to closed resolution strategies and only to bridge institutions as a resolution tool.	• The PA provided clarity that the draft Prudential Standard applies to both open and closed resolution strategies and to all resolution tools.
Valuation reporting	• Commentators suggested that reporting requirements should be expanded to include a standardised format for valuation reports, including mandatory disclosures, assumptions, and sensitivity analyses and they recommend timelines for report submission and review to support timely resolution decision-making.	• The Reserve Bank noted the suggestions and indicated that the detailed reporting requirements will be provided in the engagement letter.

Table 2 – Details of commentators

Name of the commentator (organisation or individual):	**The Banking Association South Africa**
If the commentator is an organisation, provide the name and designation of the contact person:	Stephen Letsoenya, General Manager, Prudential Division
Name of the commentator (organisation or individual):	**JSE and JSE Clear**
If the commentator is an organisation, provide the name and designation of the contact person:	Group Head: Public Policy and Regulatory Affairs

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
1.	JSE BASA	**3. Definitions and interpretation** 3.1 In this Standard, **'the Act'** means the Financial Sector Regulation Act, 2017 (Act No. 9 of 2017), and any word or expression to which the meaning has been assigned bears the meaning so assigned in terms of the Act, unless the context indicates otherwise; and 3.2 **'IFRS Accounting Standards'** means the latest accounting Standards issued by the International Accounting Standards Board as adopted in South Africa by the Financial Reporting Standards Council, and any word or expression used in this Standard has the same meaning as in	Sub-paragraph 3.1 provides that any word or expression should be interpreted as having the same meaning as in the FSR Act. Sub-paragraph 3.2 also provides that any word or expression should be interpreted as having the same meaning as in the IRFS Accounting Standards. However, it is unclear which sub-paragraph takes precedence in the event of a conflicting interpretation of a word or expression used in the Prudential Standard. Consequently, we recommend that sub-paragraph 3.2 be amended as follows: 3.2 **'IFRS Accounting Standards'** means the latest accounting Standards issued by the International Accounting Standards Board as adopted in South Africa by the Financial Reporting Standards Council~~, and any word or expression used in this Standard has the same meaning as in the International Financial Reporting Standards (IFRS) Accounting Standards, unless the context indicates otherwise~~. Please consider expanding the 'disposal value' definition to incorporate: • market valuation for fair value assets; • value which the entity can reasonably expect in currently prevailing market conditions through an orderly sale; and that the valuer may overlay a potential fire sale discount.	Agreed, it is now clarified in the Standard that the Act will take precedence. The current definition is closely aligned to the IFRS definition. The definition is deleted so that the IFRS definition prevails.

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
		the International Financial Reporting Standards (IFRS) Accounting Standards, unless the context indicates otherwise. **'disposal value'** means the value measured at the lower of its carrying amount and hold value less the costs to sell the asset.		
2.	BASA	**'gross asset value'** means the gross asset value as defined in the IFRS Accounting Standards**;**	We request specific reference to what gross asset value refers to as the only reference we could find in the IFRS was to 'gross carrying amount'.	IFRS currently defines it as the total value of assets held by an entity before any deductions or liabilities are considered. Put differently it is all a designated institution's assets, for example property, cash and investments.
3.	BASA	**'hold value'** means the present value of the designated institution's expected future cash flows, discounted appropriately, based	Our view is that this definition should read as: **'hold value'** means the present value of the designated institution's expected future cash flows, discounted appropriately, based on the remaining *term of the* assets and liabilities, taking into consideration the economic climate and the potential impact on customer or counterparty behaviour of the designated institution	The definition is deleted so that the IFRS definitions prevail.

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
		on the remaining assets and liabilities, taking into consideration the economic climate and the potential impact on customer or counterparty behaviour of the designated institution being placed in resolution.	being placed in resolution. Please consider if the words "term of the" are not missing. However, if the definition refers to the net cashflows relating to a DI's remaining assets and liabilities (i.e. the assets and liabilities that remain post a resolution action or the impact of the stress prevalent in that scenario), we recommend that this is made clearer in the definition. Consider including: "cash flows that can reasonably be expected under fair, realistic and prudent assumptions"	
4.	BASA	**equity value**	Please consider including a definition of 'equity value'?	The definition is not added, the IFRS definition prevails.
5.	BASA	**'resolution entity'**	Suggest aligning with and cross referring to the "Prudential Standard RAXX: Requirements for the Identification of Resolution Groups".	Agreed
6.	BASA	**'resolution group'**	Suggest aligning with and cross referring to the "Prudential Standard RAXX: Requirements for the Identification of Resolution Groups".	Agreed.
7.	BASA	**'resolution support entity'**	Suggest aligning with and cross referring to the "Prudential Standard RAXX: Requirements for the Identification of Resolution Groups".	Agreed.
8.	BASA	Section 3.2 - **IFRS accounting Standards and "Bail – in"**	The draft Prudential Standard should avoid embedding definitions of resolution-related terms—such as "bail-in"—within the layout or narrative of the Standard in a manner that implies these definitions are derived from IFRS or other accounting frameworks. For example, a statement like "bail-in means a resolution taken by the	Agreed. We have rearranged this section to align with the

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No.	Commentator	Paragraph	Comment	Response
			Reserve Bank" may be misinterpreted as an accounting definition, which it is not. To ensure clarity and proper legal interpretation, such definitions should be presented in a dedicated definitions section (e.g., section 3.3 or 4), clearly marked and separated from the operational or procedural content of the Standard. This approach aligns with best practice in regulatory drafting and avoids conflating prudential concepts with accounting terminology.	Prudential Standard RAXX: Requirements for the Identification of Resolution Groups, as follows - *3.2. For purposes of this Standard-* *'bail-in' means…* *'xx' means …* *'xx' means …* *'xx' means …* *'IFRS Accounting Standard Standards' means…*
9.	BASA	4.2	The draft Standard requires that the valuer provides timely valuations. However, it does not include guidance on the RA's expectations regarding what constitutes "timely." While it is appropriate that no rigid timeframe is prescribed, given that valuation timelines will necessarily vary depending on factors such as the resolution entity's size and complexity, the level of granularity required, the quality and availability of data, and the nature of the crisis (e.g., slow-burn vs. fast-burn scenarios), it would be beneficial for the Standard to include high-level time-boxing or indicative benchmarks. Such guidance would help set reasonable expectations for both valuers and resolution entities and support	This is a common term in legislation and more generally in South African law. It is an objective test of a what a reasonable person would regard as "timely".

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
			effective planning. We recommend that the RA consider including non-binding reference timeframes or examples to illustrate what may be considered timely under different resolution scenarios.	
10.	BASA	4.2 and 6.3	The referenced sections emphasise the need for valuations to be accurate, valid, complete and timely. While these principles are appropriate in stable contexts, they may not be fully applicable in resolution scenarios where significant uncertainty prevails. In such cases, it would be appropriate to adopt the generally accepted principles of fair, prudent and realistic valuations, which better reflect the nature and constraints of resolution environments.	Agree, however we are looking at best effort and professional-ethical representation/ judgement from the Valuer. Please also consider paragraph 10 of the draft Standard- Matters to be considered by the valuator in conducting the valuation.
11.	BASA	5.1	The draft Standard states that's its applicable to valuators appointed by the Reserve Bank for resolution purposes. However, the Standard places responsibilities on the DI in several instances. Please clarify whether the Standard is only applicable to Valuators?	The Standard applies to Valuators, in relation to designated institutions. The Valuators should use information from the designated institutions. There are no responsibilities placed on designated institutions in this draft Standard.
12.	BASA	6.2 The Reserve bank may pre-approve valuators.	• Please clarify whether the SARB intends to publish a list of pre-approved or recommended valuators for use in resolution-related valuation engagements. Such a list would be of value to DIs when considering the engagement of external consultants, particularly in the context of capability	• The Reserve Bank does not intend to publish a list of pre-approved valuators. • There will be a panel of valuators that will be pre-approved and

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
			building, testing, and simulation exercises in the future. • Will there be a panel of valuators that will pre-approved and available to respond to resolutions in general or will particular firms cover certain banks? Will the valuators be contracted with the SARB or the designated institutions and who will be responsible for financing their cost?	available for resolution in general, and no particular firm(s) will "cover" specific designated institution(s). The Valuators will be contracted with the Reserve Bank. The Reserve Bank may recover the costs of resolution in terms of section 166Y of the Act.
13.	BASA	7. **Requirements for a valuator**	The Standard specifies independence between the designated institution and the valuer however there is no condition for independence between the RA and the valuer. We propose that: The valuer be independent from both the SARB; its agencies and public authorities and the institution being resolved. • Without a clear requirement for independence, there is a heightened risk of actual or perceived bias and undue influence. This could undermine market confidence in the resolution process and expose it to legal challenge.	• Agreed and it is already included, albeit in a different manner than the proposed wording. Please refer to paragraph 7.1.4.
14.	JSE	7.1 A valuator must - 7.1.1 have the professional competencies,	We agree with the requirements that a valuator must have, provided for in sub-paragraph 7.1.1, and we note that sub-paragraph 7.2 provides clarity by the expansion of the meaning of 'independence'.	• There is legal precedent in South Africa on the meaning of "knowledge" and

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No.	Commentator	Paragraph	Comment	Response
		including qualifications, knowledge, ability, experience, integrity and independence, to provide accurate, valid, complete and timely valuations;	Market infrastructures and exchanges are unique and mostly singular entities in the South African market. It is our view that the valuation of a market infrastructure or exchange in resolution would require that the valuator had in-depth experience and knowledge of the operation of a market infrastructure or exchange and the ecosystem in which these entities operated. We recommend, for the sake of clarity, that the meaning of 'knowledge' and 'experience' be expanded in the Prudential Standard.	"experience" in relation to subject matter experts. It is judged in the circumstances where the specialist is appointed. Put differently, a valuator with the requisite knowledge and experience of a small monoline banking operation would be different from knowledge and experience of FMIs..
15.	JSE Clear	Requirements of a valuator	In terms of the technical competency of a potential Valuator, we are of the view that it will be useful that the Valuator has an understanding of both the market infrastructure in question as well as the broader industry that the market infrastructure operates in.	• Agreed, and this will be taken into consideration when appointing the valuator.
16.	BASA	7.2.1 Any current or recent working arrangements, including consulting, actuarial or auditing services, between the valuator and the designated	• Please advise what is considered as recent, i.e. what timeframe. • The resolution entity and resolution groups have not yet been formally defined. Accordingly, the timing of independence assessments will need to be aligned with the effective date and implementation timeline of the forthcoming Resolution Group Standard. We seek guidance on how these dependencies will be managed to ensure consistency and feasibility of execution.	• This will be determined taking the nature of the engagement between the potential valuator and the designated institution into consideration, for example a short-term limited scope engagement will need a shorter "cooling off"

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		institution; the resolution entity; or the resolution group.	Given the limited size of potential capable valuators, we are concerned that the requirements in 7.2 and 7.3 and 7.4 may exclude auditing firms which provide non-audit services as well and narrow the list of available valuators.	timeframe compared to for example a ten year full audit engagement. • The concern is noted. The definitions in the draft Prudential Standard on resolution groups will be used to determine independence. • Disagree, please read paragraph 7 *in toto*, with specific focus to paragraphs 7.1.1. to 7.1.5.
17.	BASA	7.1.3 …if the valuator is a juristic person, have a duly **registered office** in South Africa	• Please elaborate on the licences required for the valuators to perform their duties i.e. FAIS accredited professional, CFA etc.	• There are no specific license(s) requirements in the Draft Standard per se. Please note with regard to section 7.1.3 we require a valuator who is a juristic person to establish a physical address and maintain an office for purposes of notices legal documents etc.
18.	BASA	7.2	The scenarios stipulated in 7.2 which would disqualify a potential valuer due to “lack of independence” (in	Agree, but this is not absolute, the factors listed

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No.	Commentator	Paragraph	Comment	Response
			particular: any current or recent working arrangements, including consulting, actuarial or auditing services, between the valuer and the designated institution; the resolution entity; or the resolution group*)* are not aligned to jurisdictions such as the UK and the EU. In particular: 1) The EU has identified only two specific situations which preclude per se a person from being the independent valuer: • where the person is not separate from any relevant public authority, including the resolution authority, or the relevant entity; and • where the person, *in the year preceding the date on which that person's eligibility to act as independent valuer is assessed*, has completed a statutory audit of the relevant entity. We recommend that: 1) The Standard refers to material conflicts of interest and that "material" be defined (for example, could influence or be reasonably perceived to influence, the independent valuer's judgement in conducting the valuation) and • explicitly exclude potential valuers who have performed statutory audit services for the resolution entity in the year preceding their appointment.	in the Standard may indicate a lack of independence and do not necessarily indicate a lack of independence. Materiality is a concept commonly used in South African law and has the ordinary dictionary meaning of the word. • Statutory audits would be excluded in terms of 7.2.1.

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			Beyond this, consideration can be given to other services provided by the valuer to the entity, particularly where such services may intersect with elements relevant to the valuation. However, we recommend that these should not automatically disqualify the valuer but rather be assessed on a case-by-case basis to determine whether they compromise independence.	
19.	BASA	Section 7.2 and 7.3 - **Independence Requirements**	We support the emphasis on independence for valuators. We recommend further clarification on acceptable thresholds for prior engagements with designated institutions, including timeframes and materiality criteria, to ensure practical implementation without compromising objectivity. Clear guidance will help valuators assess and disclose potential conflicts consistently.	The suggestion to provide guidance is noted.
20.	BASA	**8. General matters to be considered by a valuator**	We request clarity on the exact actions that would be required from the designated institutions to facilitate the valuator's process/work, especially given the probable urgency of the resolution process. Would it not be worthwhile to differentiate between the valuations required, for instance the *Discussion Paper: Proposed valuation requirements for resolution purposes 2021* included details for? 1. Pre-resolution valuation, 2. Pre-resolution action valuation 3. No Creditor Worse Off in Liquidation valuation	Another Standard detailing the obligations of a designated institution is planned.

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No.	Commentator	Paragraph	Comment	Response
			4. Valuation required for the determination of capital required to exit resolution. In that way more targeted valuations will be performed when required. Valuations are conducted in accordance with s166Q of the FSR Act. Please see s166Q (1)(a) and 166Q(2) of the FSR Act. We note that the current draft Standard is a lot less detailed than the previous discussion document, is there an intention to issue another document with further details? Should there be shortcomings identified by the SARB and based on international best practices assessments, supplementary requirements may be issued. Also, as part of the process we would suggest that the PA follow a similar process to that of the Single Resolution Board where they issued the SRB Valuation Data Set Instructions that: • established clear expectations for institutions in relation to data needs for valuation in resolution, including data definitions and enabled institutions to gradually adapt their MIS to provide accurate data within shorter timeframes.	
21.	BASA	8.1 The valuator must assess the impact of	We suggest consideration of the need to clearly distinguish between the following valuations:	A valuation in terms of this Standard is conducted in terms of section 166Q of the Act for resolution

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No.	Commentator	Paragraph	Comment	Response
		the **resolution actions**…	• Valuation of the balance sheet of the designated institution on a going concern basis to establish the capital shortage • Valuation of the balance sheet of the designated institution assuming liquidation or disposal or transfer of the items Valuation of Resolution actions as these may include transfer or disposal of items inside and/or outside the balance sheet of the designated institution (e.g. an affiliated subsidiary)	purposes only and not for a going concern.
22.	BASA	**9. Valuation assumptions provided by the Reserve Bank** 9.1 The SARB must provide in writing, the assumptions that must or may be considered by the valuator.	Please consider if these assumptions can be shared with the DI, as this could be useful to supplement assumptions and inform the valuations performed.	Noted.
23.	BASA	**10. Matters to be considered by the valuator in conducting the valuation**	The draft Standard currently requires the valuer to 'identify' and 'document' areas of significant valuation uncertainty. However, it does not state that the valuer should actively focus on these areas, particularly where such uncertainties could materially affect the overall valuation outcome. It is recommended that the Standard be amended to clarify whether these areas should be a central focus of the valuation exercise, given their potential impact on resolution decisions and	Noted, it is accepted that the valuator will take these into consideration. The engagement letter between the Reserve Bank and valuator may provide such further clarity.

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No.	Commentator	Paragraph	Comment	Response
			that some examples of what such areas of focus would entail.	
24.	JSE Clear	10 Matters to be considered by the valuator in conducting the valuation	In light of the different lines of business that various FMIs undertake, it might be useful to review the items listed in 10.4 to ensure that it caters for the different material line items that appear on a different MI's balance sheets.	Noted, this has been reviewed and no amendments are deemed necessary.
25.	BASA	10.4.6 The value placed on any assets which could affect the beneficiaries of a retirement fund, pension fund or policyholders	Clarity on the wording of this paragraph, and the policyholders referred to. Please consider whether policyholder liabilities are to be included here.	The wording of paragraph 10.4.6 refers to any type of policyholder and the wording of paragraph 10 should be read in totality, which means policyholder liabilities are included.
26.	BASA	10.4 and 13	Section 10.4 requires the valuer to provide documented confidence ranges for all material areas of uncertainty, whilst section 13 provides for the valuer to include valuation ranges to estimate the possible impact of the chosen resolution action, a possible change in market conditions and/or a change in timing that might affect the valuation. We recommend that the Standard be aligned with established practice in other jurisdictions. This will enable an efficient valuation. In particular: 1) The valuer should include in their report: a. A "best point estimate" value (the most reasonable/likely/representative value for	Noted, this is addressed in paragraph 19 and may also be addressed in the engagement letters.

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
			an unknown parameter (e.g., future cash flows) based on available data and analysis. value ranges, where appropriate. The report should detail the parameters and assumptions underpinning the range. Any sensitivity or scenario analysis used, and the most sensitive inputs should be highlighted. To preserve consistency and credibility, the use of value ranges should be limited to situations where differing valuation methodologies or assumptions materially influence the outcome. For example, this may be appropriate when multiple approaches are used to estimate equity value in a bail-in scenario.	
27.	BASA	10.5 In the event that a valuation error materialises, the shareholders and creditors must be placed in the position they would have been had the error not occurred, in terms of the 'no creditor worse off than in liquidation' rule, as defined in section 166V of the Act.	Does the error referenced pertain to a misjudgement in forecasting assumptions or a flaw in the valuation model itself? Please clarify how this would be affected and how a valuation error is defined. Whose responsibility is it to remedy the shareholders position? We encourage consideration of the valuators' perspective, as overlooking their input may discourage their participation. This could further reduce the pool of valuators on the pre-approved list, compounding the constraints already imposed by independence requirements.	A valuation error is not limited to these examples. There is no clawback on the valuator who made the error in the Act or the Standard, except if there was for example gross negligence or fraud on the part of the valuator.
28.	BASA	**11. Valuation Models**	We appreciate the flexibility in model selection. We recommend that the Standard include minimum criteria for model validation, back-testing, and stress testing to	The suggestion is noted. Guidance might be

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
		Model Selection	ensure reliability and comparability of valuation outcomes. Additionally, valuators should disclose model limitations and assumptions to support transparency.	considered at a future point in time.
29.	BASA	11.1 The valuator may rely on the valuation model developed by the DI or may use its own valuation model.	Clarity on the anticipated timeline for the finalisation and implementation of the valuation capability requirements applicable to designated institutions would be appreciated. A high-level view of the expected timelines will assist institutions in planning and prioritising internal initiatives to ensure timely and effective compliance, given the significant investment and resources required to develop and embed the necessary valuation capabilities.	Another Prudential Standard stipulating the valuation requirements for designated institutions is currently being developed. Implementation timelines of that Standard will be communicated in due course.
30.	BASA	11.1	To promote a practical and harmonised approach, we recommend considering the European model, which places greater emphasis on Standardising the data that should be made available to third-party valuers. This would enable valuations to be performed independently and consistently across institutions. We believe this approach would be cost-effective for both the industry and the Reserve Bank whilst fostering a level playing field among DIs, as DIs would not build bespoke models requiring significant time and resources from the Reserve Bank to approve. It would also support a collaborative and transparent resolution planning framework.	The suggestion is noted.
31.	BASA	11.1	If the RA requires all DIs to build and maintain bespoke valuation models, it is requested that in order to promote consistency, transparency, and comparability	The suggestion is noted.

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
			across DIs, it would be beneficial for the RA to provide clear guidance on the expected structure and minimum requirements of resolution models. This includes specifying the core components, assumptions, and disclosures that should be included in each DI's model. Without such guidance, there is a risk of divergent practices that could undermine the credibility and effectiveness of resolution planning.	
32.	BASA	11.3… 'no creditor worse off than in-liquidation rule, as prescribed in section 166V of the Act.	Insert closed apostrophe.	Agree.
33.	BASA	11.3	Does this require DIs models to include liquidation values?	This Standard does not place such an obligation on the designated institutions.
34.	BASA	**12. Factors affecting the valuation** 12.2.6	The requirement of the valuer to consider factors such as 'market perception' and 'appetite for the resolution plan' may introduce subjectivity which may not align with the core objective of delivering a fair, prudent, and independent valuation.	The comment is noted and this aspect has been removed as a compulsory factor to consider.
35.	BASA	12.2	Please consider the inclusion of: "the resolution entity's loan underwriting policies and asset selection criteria."	This is not intended to be a compulsory factor and may be included by the valuator in terms of paragraph 10.
36.	BASA	**13. Valuation ranges**	We recommend that the Standard specify requirements for determining the valuation date, including alignment with resolution timelines and market conditions. This will ensure consistency and relevance of valuation outcomes during resolution events.	This will be specified in terms of paragraph 18.

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No.	Commentator	Paragraph	Comment	Response
37.	BASA	13.1 “The valuer may include valuation ranges to estimate the possible impact of the chosen resolution action, a possible change in market conditions and/or a change in timing that might affect the valuation.”	Different valuations are expected to be performed at different points in the resolution process. The valuation in which resolution actions are evaluated are intended to support the RA in determining the most appropriate resolution action. To fulfil this purpose, it is recommended that the valuator structure the valuation in a way that enables separate valuation outcomes aligned to a range of potential resolution tools and scenarios. We recommend clarifying that this valuation be designed to inform decision-making by the RA through scenario analysis and comparative valuation across different resolution options, rather than an estimated impact of pre-selected resolution actions.	Noted, this may be stipulated in the engagement letter.
38.	BASA	14	The inclusion of valuation buffers is prudent but could also be costly. We suggest that the Resolution Authority provide guidance on buffer calibration methodologies, including quantitative techniques and scenario analysis, to promote consistency across valuations and institutions. This will enhance comparability and reliability of resolution valuations across the industry.	The suggestion to provide guidance is noted.
39.	BASA	14	We recommend that buffers be used for provisional valuations while best point estimates are useful in final valuations, where uncertainty has been reduced.	Noted.

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No.	Commentator	Paragraph	Comment	Response
40.	BASA	15. **Treatment of shareholders and creditors** 15.3 "…in the event of an equity compensation…"	We request a definition for "an equity compensation"	This does not need to be defined. It is used only once in the document and is self-explanatory, it is when equity is used as compensation.
41.	BASA	15.2 – Outstanding claims	"Outstanding claims must be allocated to the shareholders and creditors in line with the creditor hierarchy of the designated institution, as at the resolution date." Does this imply there are only creditors and shareholders?	In the context of section 166U of the Act, this only applies to creditors and shareholders.
42.	BASA	**16. Valuation requirements in the event of bail-in** 16.1.5 Determine the amount of instruments and liabilities to be converted in order to restore the capital of the designated institution in resolution to the regulatory required ratio and to instil market confidence.	Please elaborate or provide clarity on regulatory required ratio and to instil market confidence, in this instance, how would the latter be determined/calculated.	This must be read with paragraph 6.5 of Prudential Standard RA03 Flac Instrument Requirements for Designated Institutions, which states that for a Designated Institution to cease to be in resolution, it must meet minimum capital requirement and be sufficiently capitalised to restore market confidence.

Table 3 – Full set of comments received during the public consultation conducted in 2025

No.	Commentator	Paragraph	Comment	Response
43.	BASA	17. **Valuation requirements for establishing a bridge institution** 17.1 The value of the assets transferred from the designated institution in resolution to the bridge institution must exceed the value of the liabilities, resulting in a solvent bridge institution. 17.2 When a transfer to a bridge institution is chosen as the resolution strategy, the disposal value must be used. 17.3 In instances where there are differences between the disposal value provided by the designated institution in its pre-resolution accounting and the disposal value	Paragraph 6.3 of Prudential Standard RA02 - Transfer of assets and liabilities of a designated institution in resolution reads as follows: 6.3 This Standard sets out the requirements for designated institutions to comply with, to enable the Reserve Bank to execute transfer tools which include the following – • transfer to a new acquiring institution, which entails the transfer of all or parts of assets and liabilities of a designated institution in resolution, as an immediate sale. Please note the definition of a new acquiring institution (per RA02) below: 'new acquiring institution' means an independent third party, who is not a bridge institution or an asset management company, who purchases the assets and liabilities of a designated institution in resolution. • transfer to a Bridge Institution, which entails the transfer of all or parts of assets and liabilities of a designated institution in resolution to a temporary entity with the objective to effect a sale to a new acquiring institution in the future; and • transfer to an asset management company, which entails the transfer of the impaired or non-performing assets of the designated institution in resolution, to maximise the value or recovery of the impaired assets. This is also	This Standard imposes additional requirements on a valuation in order to establish a bridge institution. The remainder of the Standard is sufficient to determine the value of the designated institution for the other resolution tools. The resolution tools are not limited to a closed resolution strategy.

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		determined by the valuator, the disposal value determined by the valuator will be used.	known as an “asset separation tool.” This asset separation tool can only be used in conjunction with another resolution tool such as bail-in or other types of transfer tools. We request clarity as to why the specific valuation requirements refer only to the establishment of a bridge institution, with no specific reference the other two forms of transfer tools that are referred to above. Further, since a ‘transfer to an asset management company’ is listed to be utilised in conjunction with bail-in. Is it appropriate to make the inference that paragraph 17, Valuation requirements for establishing a bridge institution in the draft Standard RA -0X, applies only to DIs that will undergo closed-bank resolution.	
44.	BASA	17.1 The value of the assets transferred from the designated institution in resolution to the bridge institution must exceed the value of the liabilities, resulting in a solvent bridge institution.	We request clarity on whether the bridge institution must meet minimum capital and liquidity requirements.	The Reserve Bank must formulate a plan for the bridge company to meet all requirements in terms of the financial sector laws. Please see section 166F of the Act.
45.	BASA	17.2 When a transfer to a bridge institution is chosen as the resolution strategy, the disposal value must be used.	The bridge institution involves the transfer of both assets and liabilities, however, the term "disposal value" has been defined in this draft Standard to apply to assets only. Please consider if this will not create ambiguity for valuators, it may be worth considering	The definition has been removed.

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			whether additional guidance or terminology is needed to ensure consistent interpretation.	
46.	BASA	**19. Valuation reporting** 19.2 The data and information provided in the valuation report must be accurate, valid, complete, and timely.	• We are of the view that it may be challenging for an evaluator be certain that this is the case. This would require work of a level similar to an audit and by definition in a resolution there is both enormous urgency and a very volatile environment. We propose adding "to the best of the knowledge and belief of the valuator, the data is deemed appropriate for conducting the valuation." This would also allow for timelines of data considerations. The reporting requirements should be expanded to include a Standardised format for valuation reports, including mandatory disclosures, assumptions, and sensitivity analyses. We also recommend timelines for report submission and review to support timely resolution decision-making.	Noted. This will be provided in the engagement letter.
47.	BASA	19.3	We recommend that the Standard specify the minimum required contents of the valuation report to ensure consistency and transparency across resolution cases. Suggested minimum contents: 1. Scope and purpose of valuation – State which resolution stage the valuation supports (e.g. NCWO assessment). 2. Methodology and assumptions – include valuation approaches, key assumptions, and rationale.	Agreed, this is already in the public domain in the form of the Discussion Paper on valuation requirements for resolution planning purposes. It will also be stipulated bilaterally.

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			3. Data sources and quality – identify data used, its origin and any limitations or gaps. 4. Valuation buffers and sensitivity analysis – outline buffers applied and the impact of key variable changes. 5. Legal and regulatory compliance – confirm alignment with applicable resolution laws. • Summary of findings and recommendations – provide a concise executive summary with actionable insights.	
48.	BASA	Availability of valuation skills in the South African market	We appreciate the importance of valuation in the process of resolution and the necessity therefor. However, we note that given the infrequency of resolution situations and the highly specialised nature of bank asset valuations, there is a risk in terms of the sustainably available capacity of independent providers to take on this role, particularly within a short timeframe. This will limit the credibility and effectiveness of the role of independent valuators. In larger jurisdictions, with more of a mixture of small, medium, and large institutions, there would be a greater chance of there being available skills from a pool of bank valuators being maintained by independent service firms. In a smaller market such as ours, this will be difficult and we are concerned that the prevailing skills shortage will make it most unlikely that these firms will be prepared to allocate costly staff to effectively live on standby for a very uncommon resolution event. We also note that the audit firms, a possible pool of such	Noted, this is why valuators outside of South Africa may be considered in terms of paragraph 7.1.3.

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			skills, have audit relationships with the banks that might create conflict of interest considerations.	
49.	BASA	Appointment of valuers	We recommend that the Standard be amended to: 1) Enable the drafting by the RA of Standardised term sheets which a panel of valuers should agree to in advance of any actual appointment. Transparency in the valuation process will build trust and reduce the likelihood of legal challenge so we further recommend that the RA publish information on the approach to be followed for scoring and selection of potential valuers.	The suggestion for guidance and transparency is noted.
50.	BASA	Use of experts	The valuer should be able to make use of the services of other specialists, if necessary.	This is allowed as long as it does not compromise the independence of the valuator.
51.	BASA	Right of appeal	This is not addressed in the Standard. Can the valuation be subject to appeal and if so, by whom? The Promotion of Administrative Justice Act provisions apply to the FSRA, but we suggest the Standard makes clear how valuation outcomes can be challenged.	The Standard in made in terms of the Act and must be read with the Promotion of Administrative Justice Act, 3 of 2000. Valuations are, as BASA correctly point out, delivered under pressure on a best effort basis. This should be taken into consideration by persons wishing to challenge valuations.
52.	BASA	Scope	It is recommended that the Standard refer to Resolution Groups per the final “Prudential Standard RAXX: Requirements for the Identification of Resolution	Please refer to definition of designated institution ito s29A of the Act, financial

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			Groups and Reporting Obligations for Designated Institutions" and not DIs due to the following potential scenarios: • in the case of financial conglomerates, a significant number of entities may need a valuation calculated that will not be of use to RA as part of the decision-making process, when a quick turnaround time is required in the resolution process; or per the Resolution Group definition, if a DI is reliant on another entity within the DI's group, and that has been included in the Resolution Group. The Standard using the DI reference results in there not being a direct requirement for the valuator to include this entity within the valuation, which may result in the valuation being open to challenge.	conglomerates and holding companies are designated institutions. Also, this Standard must be read with the Resolution Group Standard and not in isolation.
53.	BASA	General (Sections 7, 10, 11, 14, 19)	We welcome the proposed Standard and its alignment with international best practices. We recommend that the Resolution Authority consider the potential operational burden, especially regarding data readiness, governance, and integration with existing risk frameworks. We recommend phased implementation guidance and continued industry engagement to refine practical aspects of the Standard and to refine final requirements and implementation guidelines.	Noted.
54.	JSE	Application of resolution framework to an exchange	Despite our reservations regarding the designation of an exchange as systemically important (see our response to the Discussion Paper setting out the SARB's approach to the designation of market	Noted

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			infrastructures, exchanges and payment systems as systemically important), we have provided comments on this Prudential Standard to highlight the specialised knowledge and experience a valuator must possess to conduct a valuation of an exchange or market infrastructure in resolution.	