



SOUTH AFRICAN RESERVE BANK
Prudential Authority

Prudential Authority Industry Quarterly Newsletter

September 2022

How the PA invests in the development of its graduates

Coming straight from university and joining the Prudential Authority during the COVID-19 lockdown has been a huge learning curve for Dineo, the young graduate in the Financial Conglomerate Supervision Department.



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Banks: revised market risk and credit valuation adjustment frameworks

The Prudential Authority intends to implement the revised market risk framework and credit valuation adjustment framework in South Africa on 1 January 2024. The revised market risk framework seeks to ensure that the standardised approach and internal models approach to market risk delivers credible capital outcomes, while the CVA framework addresses banks' mark-to-market losses arising from credit spread volatility in the traded credit market.

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Banks: implementation of securitisation regulations in 2022

The Basel Committee on Banking Supervision (BCBS) issued revisions to the securitisation framework as part of its broader Basel III agenda to reform the regulatory standards for banks. The revised securitisation framework seeks to strengthen the capital standards for securitisation exposures held in the banking book. The expected date of implementation for these regulations is 1 October 2022.

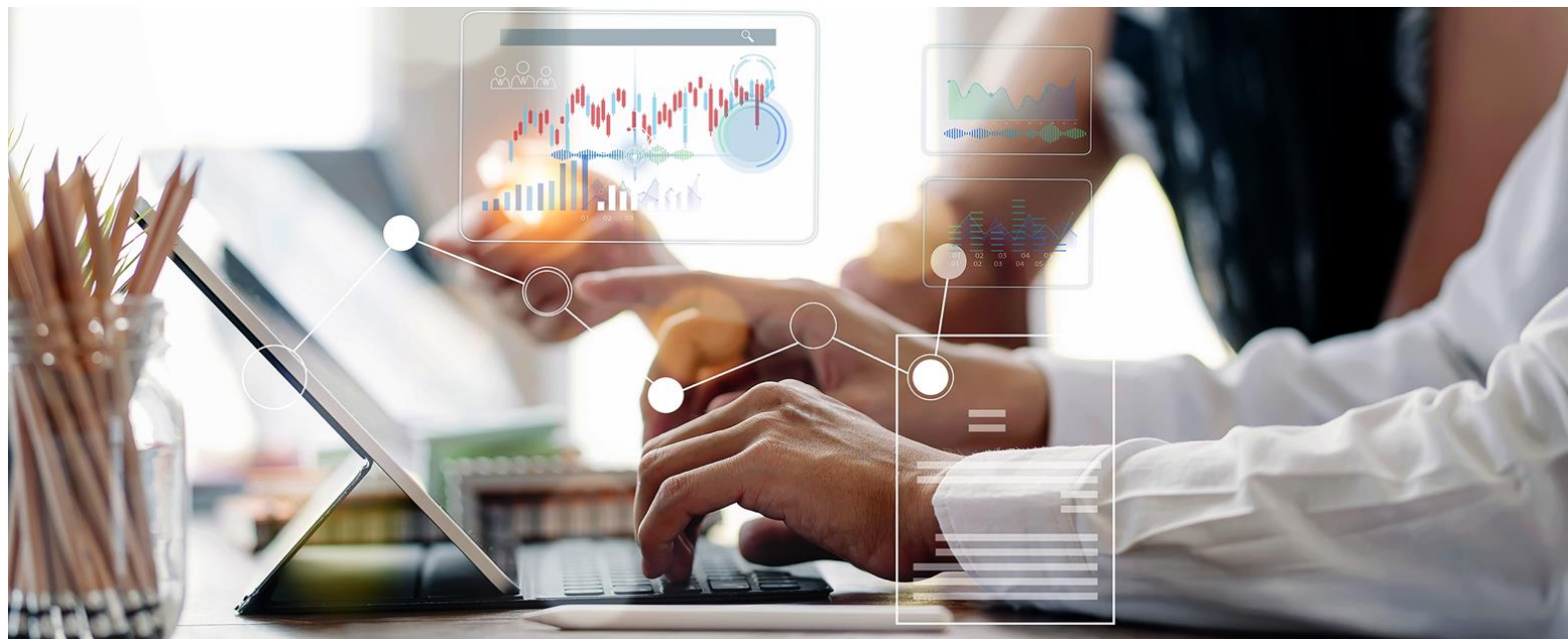


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Prudential Authority Transformation Programme

The much-anticipated Umoja Solution is live for anti-money laundering/combating the financing of terrorism (AML/CFT).

In addition to the roll-out of the portal for AML/CFT, Industry Data Taxonomy (IDT) data models were successfully showcased to the industry.



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Guidance on matters related to credit risk models

The Prudential Authority (PA) recently issued Guidance Note 9 of 2022 on matters related to the credit risk models of banks, which outlines guidance and the PA's expectations of various matters related to the credit risk models used by banks as part of their implementation of the internal ratings-based approach.

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Derecognition of Fitch Ratings as an eligible external credit assessment institution

Prudential Communication 11 of 2022 was issued to notify all banks, branches of foreign institutions, controlling companies and auditors of banks or controlling companies that the Prudential Authority intends to derecognise Fitch Ratings as an eligible external credit assessment institution in South Africa, within 12 months from 18 July 2022.

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Prudential Authority publications

In the period between July 2022 and September 2022, the following instruments were published by the Prudential Authority.

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It's competition time

On 30 September 2021 the Prudential Authority (PA) published its first quarterly industry newsletter. The purpose of this newsletter is to ensure the PA provides and shares relevant information about supervisory and regulatory matters impacting the industry.

In celebration of this milestone, we have a surprise for our readers.



GIVEAWAY

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