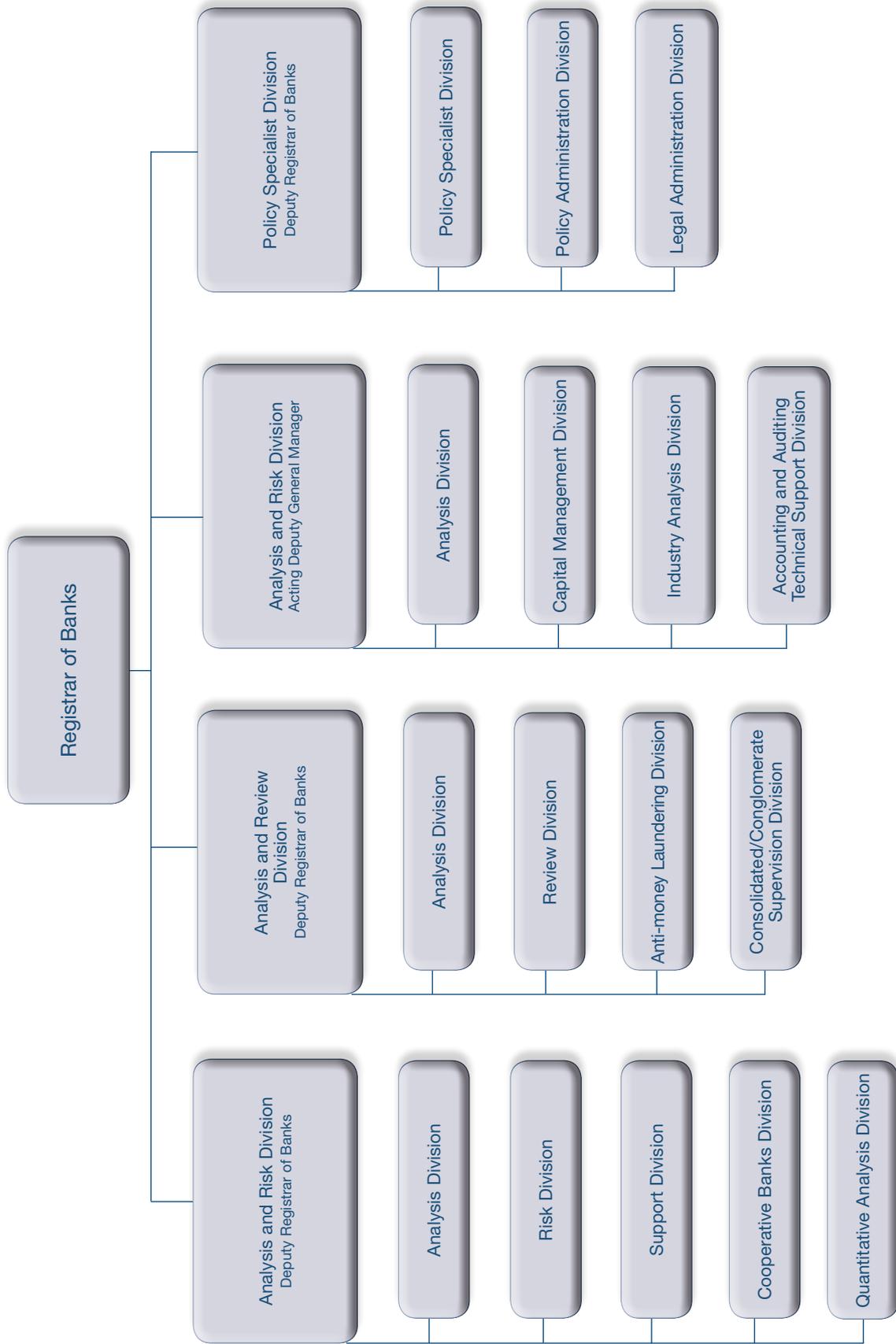


Appendices

Appendix 1

Organisational structure of the Bank Supervision Department



Appendix 2

Registered banks, local branches of foreign banks and mutual banks as at 31 December 2016

Registered banks

Institution	Address	Total assets as at 31 December		Annual growth %
		2015 (R millions)	2016 (R millions)	
1 Absa Bank Limited	P O Box 7735, Johannesburg, 2000	926 526	914 669	-1.28
2 African Bank Limited (2014/176899/06)	Private Bag X170, Midrand, 1685	0	36 460	100.00
3 Albaraka Bank Limited	P O Box 4395, Durban, 4000	5 026	5 386	7.15
4 Bidvest Bank Limited	P O Box 185, Johannesburg, 2000	6 017	7 009	16.48
5 Capitec Bank Limited	P O Box 12451, Die Boord, Stellenbosch, 7613	61 970	71 729	15.75
6 FirstRand Bank Limited	P O Box 650149, Benmore, 2010	979 920	1 016 761	3.76
7 Grindrod Bank Limited	P O Box 3211, Durban, 4000	11 262	15 190	34.89
8 Habib Overseas Bank Limited	P O Box 62369, Marshalltown, 2107	1 318	1 134	-13.99
9 HBZ Bank Limited	P O Box 1536, Wandsbeck, 3631	4 413	4 224	-4.29
10 Investec Bank Limited	P O Box 785700, Sandton, 2146	377 046	387 052	2.65
11 Mercantile Bank Limited	P O Box 782699, Sandton, 2146	9 632	11 830	22.82
12 Nedbank Limited	P O Box 1144, Johannesburg, 2000	813 287	869 362	6.89
13 Sasfin Bank Limited	P O Box 95104, Grant Park, 2051	5 583	6 806	21.90
14 The South African Bank of Athens Limited	P O Box 784921, Sandton, 2146	2 510	2 265	-9.75
15 The Standard Bank of South Africa Limited	P O Box 7725, Johannesburg, 2000	1 213 528	1 234 575	1.73
16 Ubank Limited	Private Bag X101, Sunninghill, 2157	4 691	4 627	-1.36

Appendix 2

Registered banks, local branches of foreign banks and mutual banks as at 31 December 2016 (continued)

Registered local branches of foreign banks

Institution	Address	Total assets as at 31 December		Annual growth %
		2015 (R millions)	2016 (R millions)	
1 Bank of Baroda	Premises No.14, 2nd floor, Sandton City Twin Towers (East Wing), Sandton, 2196	2 269	3 940	73.70
2 Bank of China Limited Johannesburg Branch (trading as Bank of China Johannesburg Branch)	P O Box 782616, Sandton, 2146	35 836	32 666	-8.85
3 Bank of India	P O Box 653589, Benmore, 2010	478	427	-10.76
4 Bank of Taiwan South Africa Branch	P O Box 1999, Parklands, 2121	1 592	2 008	26.14
5 BNP Paribas South Africa	PostNet Suite #457, Private Bag X1, Melrose Arch, 2075	14 499	11 204	-22.72
6 Canara Bank	11th floor, Sandton City Office Towers, 5th Street and Rivonia Road, Sandhurst Ext. 3, Sandton, 2196	400	328	-17.88
7 China Construction Bank Corporation – Johannesburg Branch	Private Bag X10007, Sandton, 2146	32 621	37 567	15.16
8 Citibank NA	P O Box 1800, Saxonwold, 2132	76 511	64 944	-15.12
9 Deutsche Bank AG	Private Bag X9933, Sandton, 2146	22 757	10 388	-54.35
10 HSBC Bank plc – Johannesburg Branch	Private Bag X785434, Sandton, 2146	49 806	45 106	-9.44
11 ICICI Bank Limited	Private Bag X785261, Sandton, 2146	250	269	7.75
12 JPMorgan Chase Bank, NA (Johannesburg Branch)	Private Bag X9936, Sandton, 2146	57 059	28 524	-50.01
13 Société Générale Johannesburg Branch	P O Box 6872, Johannesburg, 2000	11 726	7 874	-32.85
14 Standard Chartered Bank (Johannesburg Branch)	P O Box 782080, Sandton, 2146	34 420	32 281	-6.21
15 State Bank of India	P O Box 2538, Saxonwold, 2132	6 995	7 438	6.34



Appendix 2

Registered banks, local branches of foreign banks and mutual banks as at 31 December 2016 (continued)

Registered mutual banks

Institution	Address	Total assets as at 31 December		Annual growth %	
		2015 (R millions)	2016 (R millions)		
1	Finbond Mutual Bank	P O Box 2127, Brooklyn Square, 0075	1 421	1 653	16.33
2	GBS Mutual Bank	P O Box 114, Grahamstown, 6140	1 136	1 226	7.86
3	VBS Mutual Bank	Metropolitan Office Park, 82 Wessels Road, Rivonia, 2191	717	1 543	115.08

Banks under curatorship

Institution	Curator	Date of order
1	None	

Banks in final liquidation

Institution	Liquidator	Date of order	
1	Islamic Bank Limited	Mr A D Wilkens of Deloitte & Touche	13 January 1998
2	Regal Treasury Private Bank Limited	Mr T A P du Plessis of D&N Trust and Mr J Pema of Sekela Antrust (Pty) Limited	10 February 2004

Name changes

Previous name	New name	Date of change
1	None	

Appendix 3

Authorization to establish, registration and cancellation of registration of banks during the period 1 January 2016 to 31 December 2016

Authorization in terms of section 13 of the Banks Act 94 of 1990

Institution	Date of authorization	
1	TYME Capital (Pty) Limited	7 June 2016
2	Postbank Limited	4 July 2016
3	Discovery Limited	24 October 2016

Cancellation of registration

Institution	Date of order	
1	African Bank Limited (1975/002526/07)	4 April 2016

Appendix 4

Registered controlling companies as at 31 December 2016

Institution	Address
1 African Bank Holdings Limited	P O Box X170, Midrand, 1685
2 Barclays Africa Group Limited	P O Box 7735, Johannesburg, 2000
3 Bidvest Bank Holdings Limited	P O Box 185, Johannesburg, 2000
4 Capitec Bank Holdings Limited	P O Box 12451, Die Boord, Stellenbosch, 7613
5 FirstRand Limited	P O Box 650149, Benmore, 2010
6 Grindrod Financial Holdings Limited	P O Box 3211, Durban, 4000
7 Investec Limited	P O Box 785700, Sandton, 2146
8 Mercantile Bank Holdings Limited	P O Box 782699, Sandton, 2146
9 Nedbank Group Limited	P O Box 1144, Johannesburg, 2000
10 Sasfin Holdings Limited	P O Box 95104, Grant Park, 2051
11 Standard Bank Group Limited	P O Box 7725, Johannesburg, 2000
12 Ubank Group Limited	Private Bag X101, Sunninghill, 2157

The following institutions are deemed to be controlling companies in terms of section 42 of the Banks Act 94 of 1990:

1 Albaraka Banking Group (in respect of Albaraka Bank Limited)	P O Box 1882, Manama, Kingdom of Bahrain
2 Habib Bank AG Zurich (in respect of HBZ Bank Limited)	59 Weinbergstrasse, Postfach 8042, Zurich, Switzerland
3 National Bank of Greece (in respect of The South African Bank of Athens Limited)	86 Aioulou Street, Athens TT 121, Greece
4 Pitcairns Finance SA (in respect of Habib Overseas Bank Limited)	121 Avenue de la Faiencerie, L-1511 Luxemburg, RCS Luxemburg, B nr 33-106

Appendix 5

Foreign banks with approved local representative offices

Institution	Address
1 AfrAsia Bank Limited	P O Box 55351, Northlands, 2116
2 African Banking Corporation Botswana Limited (trading as BancABC Botswana)	P O Box 970, Saxonwold, 2132
3 Banco BIC	30 Arena Close, H Santos Building, Bruma, 2198
4 Banco BPI, SA	P O Box 303, Bruma, 2026
5 Banco Santander Totta SA	P O Box 309, Bruma, 2026
6 Bank Leumi Le-Israel BM	Private Bag X41, Saxonwold, 2132
7 Bank of America, National Association	P O Box 651987, Benmore, 2010
8 Bank One Limited	P O Box 25386, Gateway, 4321
9 Banque SYZ Suisse SA	P O Box 653641, Benmore, 2010
10 Caixa Bank	Fredman Drive 13, 9th floor, Fredman Towers, Sandton, 2146
11 Commerzbank AG Johannesburg	P O Box 860, Parklands, 2121
12 Credit Suisse AG	Private Bag X9911, Sandton, 2146
13 Doha Bank	P O Box 785553, Sandton, 2146
14 Ecobank	Block F, 8th floor, 135 Rivonia Road, Sandown, 2196
15 Export-Import Bank of India	2nd floor, Sandton City, Twin Towers East Wing, Sandton, 2196
16 First Bank of Nigeria Limited	P O Box 784796, Sandton, 2146
17 Hellenic Bank Public Company Limited	P O Box 783392, Sandton, 2146
18 Industrial and Commercial Bank of China African Representative Office	P O Box 40, Cape Town, 8000
19 KfW IpeX-Bank GmbH	P O Box 2402, Saxonwold, 2132
20 Millennium BCP	P O Box 273, Bruma, 2026
21 Mizuho Bank Limited	P O Box 785553, Sandton, 2146
22 National Bank of Egypt	P O Box 55402, Northlands, 2116
23 Notenstein Private Bank Limited	100 New Church Street, Tamboerskloof, Cape Town, 8001
24 Novo Banco	P O Box 749, Bruma, 2026
25 Société Générale Representative Office for Southern Africa	P O Box 2805, Saxonwold, 2132
26 Sumitomo Mitsui Banking Corporation	Building Four, 1st floor, Commerce Square, 39 Rivonia Road, Sandhurst, 2196
27 Swedbank AB (Publ)	Private Bag X1, Dainfern, 2055
28 The Bank of New York Mellon	PostNet Suite 1061, Private Bag X9, Benmore, 2010
29 The Bank of Tokyo-Mitsubishi UFJ Limited	P O Box 78519, Sandton, 2146
30 The Mauritius Commercial Bank Limited	P O Box 3009, Parklands, 2121
31 The Representative Office for Southern and Eastern Africa of the Export-Import Bank of China	PostNet Suite 158, Private Bag X91-BE, Benmore, 2010
32 Unicredit Bank AG	P O Box 1483, Parklands, 2121

Appendix 5

Foreign banks with approved local representative offices (continued)

Institution	Address
33 Union Bank of Nigeria plc	P O Box 653125, Benmore, 2010
34 Vnesheconombank	P O Box 413742, Craighall, 2024
35 Wells Fargo Bank, National Association	P O Box 3091, Saxonwold, 2132
36 Zenith Bank plc	P O Box 782652, Sandton, 2146

Report on representative offices

1. Introduction

The Regulations relating to Representative Offices of Foreign Banking Institutions (RO Regulations), issued under Government Notice No. 1370, in *Government Gazette* No. 22939 dated 13 December 2001, seek to ensure continuous oversight by the Bank Supervision Department (the Department), of the activities of representative offices (ROs) of foreign banking institutions operating within the Republic of South Africa.

As at 31 December 2016, there were 36 ROs operating in South Africa, emanating from 20 jurisdictions.

2. Change in status of ROs during 2016

2.1 During the year under review, the following ROs were deregistered:

- i. Banco Nacional De Desenvolvimento Econômica E Social
- ii. Banif – Banco Internacional do Funchal, SA
- iii. ICICI Bank Limited
- iv. UBS AG

2.2 During the year under review, the following ROs were registered:

None

2.3 During the year under review, the following ROs' names changed:

None

2.4 Events after 31 December 2016

None

3. Supervisory approach

In order to fulfill its responsibilities in terms of the RO Regulations, the Department follows the following supervisory approach:

- regular interaction with the chief representative officers of the respective ROs;
- on-site visits at the offices of the ROs;
- analysis of returns submitted by the ROs in terms of the RO Regulations and follow-up of any issues identified; and
- analysis of the internal control reports submitted by the ROs on an annual basis in terms of Banks Act Circular 3/2004.

Appendix 6

Circulars, directives, guidance notes, and proposed directives issued in 2016

Banks Act Circulars issued in 2016

C1/2016	Status of previously issued Circulars
C2/2016	Matters of interpretation relating to the liquidity coverage ratio
C3/2016	Proposed amended Regulations relating to Banks
C4/2016	Matters relating to the implementation of the capital conservation buffer
C5/2016	Matters of interpretation relating to the liquidity coverage ratio
C6/2016	Disclosure of capital-related matters
C7/2016	Matters relating to specified minority interests, i.e. non-controlling interests, in shares and/or instruments qualifying as capital

Banks Act Directives issued in 2016

D1/2016	Matters relating to the exposure limits imposed in the classification of deposits and credit exposures to small and medium enterprises (SMEs)
D2/2016	Domestic systemically important banks (D-SIBs) to submit group consolidated information on a six-monthly basis
D3/2016	Amended Regulations relating to Banks: parallel-run process
D4/2016	Matters relating to the net stable funding ratio
D5/2016	Compliance with the principles for Effective Risk Data Aggregation and Risk Reporting
D6/2016	Capital framework for South Africa based on the Basel III framework
D7/2016	Assessment of instruments issued by domestic systemically important banks and controlling companies (D-SIBs) for capital and funding purposes
D8/2016	Reporting requirements relating to material outsourced service providers and critical third-party service providers

Banks Act Guidance Notes issued in 2016

G1/2016	Status of previously issued Guidance Notes
G2/2016	Meetings to be held during the 2016 calendar year with the boards of directors of banks and controlling companies
G3/2016	Credit risk and accounting for expected credit losses
G4/2016	Instruments qualifying as high-quality liquid assets
G5/2016	Corporate Governance Principles for Banks
G6/2016	Provision of a committed liquidity facility by the South African Reserve Bank
G7/2016	Capital arbitrage transactions
G8/2016	Margin requirements for non-centrally cleared derivatives

Appendix 7

Exemptions and exclusions from the application of the Banks Act 94 of 1990

Section 1(1)(cc): Exemptions by the Registrar of Banks with approval of the Minister of Finance

Exemption Notice	Government Gazette	Expiry
Mining Houses	No. 16167 of 14 December 1994	Indefinite
Trade in Securities and Financial Instruments	No. 16167 of 14 December 1994	Indefinite
Commercial Paper	No. 16167 of 14 December 1994	Indefinite
Securitisation Schemes	No. 30628 of 1 December 2008	Indefinite
Common Bond	No. 37903 of 15 August 2014	Indefinite
International Finance Corporation (IFC)	No. 39411 of 13 November 2015	Indefinite

Section 1(1)(dd): Exemptions by the Minister of Finance

Exemption Notice	Government Gazette	Expiry
Participation Bond Schemes	No. 13003 of 31 January 1991	Indefinite
Unit Trust Schemes	No. 13003 of 31 January 1991	Indefinite
Ithala SOC Limited, a wholly owned subsidiary of Ithala Development Finance Corporation Ltd	No. 40402 of 4 November 2016	30 September 2017

Section 1(ff): Exemptions by the Registrar of Banks

Exemption Notice	Government Gazette	Expiry
Designation of stockbrokers to pool funds	No. 15976 of 14 September 1994	Indefinite

Section 1(gg): Exemptions by the Registrar of Banks

Exemption Notice	Government Gazette	Expiry
Designation of JSE Limited members as persons authorized to accept money as mandatories and to deposit such money into banking accounts maintained by them	No. 19283 of 22 September 1998	Indefinite

Section 2(vii): Exclusions by the Minister of Finance

Exemption Notice	Government Gazette	Expiry
Post Office Savings Bank	No. 13744 of 24 January 1992	Indefinite
Industrial Development Corporation of South Africa	No. 16167 of 14 December 1993	Indefinite

Section 78(1)(d)(iii): Exemptions by the Registrar of Banks

Exemption Notice	Government Gazette	Expiry
Category of assets of a bank that may be held in the name of a person other than the bank concerned	No. 17949 of 2 May 1997	Indefinite

Appendix 8

Memorandums of understanding between the Bank Supervision Department of the South African Reserve Bank and foreign supervisors as at 31 December 2016

The purpose of a memorandum of understanding (MoU) is to provide a formal basis for a bilateral working relationship and cooperation between supervisors, including the sharing of information and investigative assistance.

It should be noted that any MoU entered into by the Department does not modify or supersede any laws or regulatory requirements in force in, or applying to, the Republic of South Africa. Accordingly, an MoU sets forth a statement of intent and does not create any enforceable rights.

MoUs concluded between the Department and foreign supervisors as at 31 December 2016

Domicile of foreign regulator	Foreign banking supervisor	Effective from
1 Argentina	Superintendencia de Entidades Financieras y Cambiarias (Central Bank of Argentina)	18 August 2007
2 Australia	Australian Prudential Regulation Authority	4 July 2007
3 Botswana	Bank of Botswana	4 October 2016
4 Brazil	Banco Central Do Brasil	4 July 2012
5 China	China Banking Regulatory Commission	17 November 2010
6 Germany	Bundesanstalt für Finanzdienstleistungsaufsicht	13 August 2004
7 Ghana	Bank of Ghana	26 October 2011
8 Guernsey	Guernsey Financial Services Commission	10 July 2015
9 Hong Kong	Monetary Authority of Hong Kong	12 December 2006
10 India	Reserve Bank of India	21 October 2011
11 Ireland	Irish Financial Services Regulatory Authority	21 July 2003
12 Isle of Man	Financial Supervision Commission of the Isle of Man	13 August 2001
13 Jersey	Jersey Financial Services Commission	11 June 2010
14 Kenya	Central Bank of Kenya	1 July 2010
15 Lesotho	Central Bank of Lesotho	27 August 2010
16 Malawi	Reserve Bank of Malawi	20 August 2015
17 Mauritius	Bank of Mauritius	25 January 2005
18 Mozambique	Banco de Mozambique	22 September 2011
19 Namibia	Bank Supervision Department of the Bank of Namibia	24 August 2015
20 Netherlands	De Nederlandsche Bank	23 March 2010
21 Nigeria	Central Bank of Nigeria	20 March 2008
22 Republic of South Sudan	Bank of South Sudan	14 November 2011
23 Swaziland	Central Bank of Swaziland	18 June 2010
24 Taiwan	Financial Supervisory Commission of the Republic of China (Taiwan)	14 March 2012
25 Tanzania	Bank of Tanzania	15 June 2010
26 Uganda	Bank of Uganda	15 June 2010
27 United Arab Emirates	Dubai Financial Services Authority	8 August 2009
28 United Kingdom*	Financial Services Authority	21 July 2006

* A letter of intent has been signed between the Bank Supervision Department of the South African Reserve Bank and the Financial Services Authority and Bank of England rendering the terms of the current MoU applicable to the Prudential Regulation Authority and Financial Conduct Authority as may be relevant.

Appendix 8

Memorandums of understanding between the Bank Supervision Department of the South African Reserve Bank and foreign supervisors as at 31 December 2016 (continued)

MoUs with the following foreign supervisors are in the process of negotiation:

Domicile of foreign regulator	Foreign banking supervisor
1 Bahrain	Central Bank of Bahrain
2 Colombia	Superintendencia Financiera de Colombia
3 Congo	Central Bank of Congo
4 France	French Banking Commission
5 Greece	Banking Regulator
6 Japan	Financial Services Agency
7 Portugal	Banco de Portugal
8 Singapore	Monetary Authority of Singapore
9 Turkey	Banking Regulation and Supervisory Agency of Turkey
10 United Arab Emirates	Banking Supervision and Examination Department of the Central Bank of the United Arab Emirates
11 United States of America	Federal Reserve Bank of New York
12 Zambia	Bank of Zambia

Southern African Development Community – Protocol on Finance and Investment

The 15 heads of state or government of the Southern African Development Community (SADC) have signed a Protocol on Finance and Investment (PFI). The PFI, includes among other things, a section setting out the framework for cooperation and coordination in banking regulatory and supervisory matters. The 15 SADC countries are:

- 1 Angola
- 2 Botswana
- 3 Congo
- 4 Lesotho
- 5 Madagascar
- 6 Malawi
- 7 Mauritius
- 8 Mozambique
- 9 Namibia
- 10 Seychelles
- 11 South Africa
- 12 Swaziland
- 13 Tanzania
- 14 Zambia
- 15 Zimbabwe

Appendix 9

Summary of key matters communicated by the Basel Committee on Banking Supervision

In 2016, the BCBS issued various documents and further requirements that will, over the next few years, materially impact on the regulation and supervision of banks and banking groups, on matters such as:

- minimum capital requirements for market risk;
- frequently asked questions on the Basel III leverage ratio framework;
- interest rate risk in the banking book;
- statement on capital arbitrage transactions;
- revisions to the securitisation framework;
- frequently asked questions (FAQ) on Basel III – the net stable funding ratio;
- FAQ on the revised Pillar 3 disclosure requirements;
- FAQ on the supervisory framework for measuring and controlling large exposures; and
- The TLAC holdings standard.

Minimum capital requirements for market risk

The 2007-08 period of severe market stress exposed weaknesses in the framework for capitalising risks from trading activities.

The purpose of the revised market risk framework¹ issued by the BCBS on 14 January 2016 is to ensure that the standardised and internal model approaches to market risk deliver credible capital outcomes and promote a consistent implementation of the standards across jurisdictions.

Frequently asked questions on the Basel III leverage ratio framework

To promote a consistent global implementation of the Basel III leverage ratio framework and disclosure requirements issued by the BCBS in January 2014, the BCBS has agreed to periodically review FAQ and publish answers along with any technical elaboration of the standards text and interpretative guidance that may be necessary.

The FAQ document published by the BCBS on 6 April 2016² sets out the third set of FAQs that relate to the Basel III leverage ratio framework.

The questions and answers are grouped according to the following themes:

- on-balance sheet exposures;
- derivative exposures;
- specific treatment for written credit derivatives;
- securities financing transaction (SFT) exposures;
- cross-product netting agreements for derivative exposures and SFTs;
- treatment of long settlement transactions and failed trades;
- off-balance sheet items; and
- scope of consolidation and disclosure.

¹ Available online at <https://www.bis.org/bcbs/publ/d352.htm>

² Available online at <https://www.bis.org/bcbs/publ/d364.htm>

Interest rate risk in the banking book

On 21 April 2016 the BCBS issued standards for interest rate risk in the banking book³ that revise its 2004 Principles for the Management and Supervision of Interest Rate Risk.

The revised standards reflect changes in market and supervisory practices since the abovementioned Principles were first published in 2004, which is particularly pertinent in light of the current exceptionally low interest rates in many jurisdictions.

Statement on capital arbitrage transactions

Since the publication of the Basel III framework in 2010, BCBS members have received numerous requests to review or approve transactions that seek to alter the form or substance of items subject to regulatory adjustments.

On 2 June 2016 the BCBS issued a statement on capital arbitrage transactions⁴ that are designed to offset regulatory adjustments and employ a variety of strategies, confirming that these types of transactions can be complex, artificial and opaque, and may pose a number of risks to banks, including legal risk. Furthermore, these transactions can have the effect of overestimating eligible capital or reducing capital requirements without commensurately reducing the risk in the financial system, thus undermining the calibration of minimum regulatory capital requirements.

In this regard, on 8 August 2016, the Department issued Guidance Note 7 of 2016,⁵ informing all interested persons that banks should not engage in transactions that aim to unduly offset regulatory adjustments and that any such transactions will be subject to careful scrutiny by the Department in the evaluation of risk transfer and the assessment of the capital adequacy of banks and controlling companies.

Revisions to the securitisation framework

On 11 July 2016 the BCBS published a revised framework for securitisation⁶ that includes the regulatory capital treatment for 'simple, transparent and comparable' (STC) securitisations. The revised framework sets out additional criteria for differentiating the capital treatment of STC securitisations from that of other securitisation transactions. Compliance with the expanded set of STC criteria should provide additional confidence in the performance of the transactions and thereby warrants a modest reduction in minimum capital requirements for STC securitisations.

Frequently asked questions on Basel III – the net stable funding ratio

To promote a consistent global implementation of the Basel III net stable funding ratio (NSFR) framework, the BCBS published FAQs and answers along with a technical elaboration of the Basel III NSFR rules text and interpretative guidance on 13 July 2016.⁷

Frequently asked questions on the revised Pillar 3 disclosure requirements

To promote a consistent global implementation of the revised Pillar 3 disclosure requirements, the BCBS published FAQs and answers along with a technical elaboration of the standard and interpretative guidance on 12 August 2016.⁸

Frequently asked questions on the supervisory framework for measuring and controlling large exposures

To promote a consistent global implementation of the supervisory framework for measuring and controlling large exposures, the BCBS issued FAQs and answers on 28 September 2016.⁹

When the BCBS published the revised supervisory framework for measuring and controlling large exposures in April 2014, it noted that by 2016 it would review the appropriateness of setting a large exposure limit for exposures to

3 Available online at <https://www.bis.org/bcbs/publ/d368.htm>

4 Available online at https://www.bis.org/bcbs/publ/bcbs_n18.htm

5 Available online at G7/2016: Capital arbitrage transactions

6 Available online at <https://www.bis.org/bcbs/publ/d374.htm>

7 Available online at <https://www.bis.org/bcbs/publ/d375.htm>

8 Available online at <https://www.bis.org/bcbs/publ/d376.htm>

9 Available online at <https://www.bis.org/bcbs/publ/d384.htm>

qualifying central counterparties (QCCPs) related to clearing activities and the need for a specific treatment for interbank exposures. The BCBS has decided not to modify the framework, and as a result the framework:

- exempts from the large exposure limit exposures to QCCPs related to central clearing; and
- applies the large exposure limit to interbank exposures, i.e no exemption applies

The publication also includes clarifications on some paragraphs of the standard.

TLAC holdings standard

On 12 October 2016 the BCBS published an updated standard on the regulatory capital treatment of banks' investments in instruments that comprise TLAC for global systemically important banks (G-SIBs).¹⁰

The standard aims to reduce the risk of contagion within the financial system should a G-SIB enter resolution, and applies to both G-SIBs and non-G-SIBs.

The standard also reflects changes to the Basel III framework to specify how G-SIBs must take account of the TLAC requirement when calculating their regulatory capital buffers.

¹⁰ Available online at <https://www.bis.org/bcbs/publ/d387.htm>