MEMORANDUM OF UNDERSTANDING

between

The South African Reserve Bank

and

The Prudential Authority

Jointly hereinafter referred to as the "Parties"

(In compliance with sections 26 and 27, read with sections 76 and 77 of the Financial Sector Regulation Act 2017, (Act No. 9 of 2017))

Contents

1. Introduction

1.1. Sections 26 and 27, read with sections 76 and 77 of the FSR Act as amended by the FSLAA require financial sector regulators to co-operate and collaborate with the Reserve Bank and with each other to:

1.1.1 maintain, protect and enhance financial stability, including in relation to the Reserve Bank's resolution functions; and

1.1.2 provide assistance and information to the Reserve Bank in order to fulfil its functions.

1.2. In terms of section 27(1A) of the FSR Act, the financial sector regulators and the Reserve Bank must amend the memoranda of understanding to include a provision with respect to how they will co-operate and collaborate with, and provide assistance to, each other and otherwise perform their roles and comply with their duties relating to designated institutions.

1.3. Sections 76 and 77 of the FSR Act requires the Reserve Bank and financial sector regulators to co-operate and collaborate when performing their functions in terms of financial sector laws, the FICA, the NCA and to enter into a written MoU to give effect to such cooperation and collaboration.

1.4. The Parties are required to enter into this MoU to give effect to such cooperation and collaboration in terms of section 27 and 77 of the FSR Act.

1.5. The FSR Act generally governs, amongst others, the relationship between the PA and the Reserve Bank. This MoU seeks to achieve the required cooperation and collaboration.

1.6. The Parties record that the provisions of this MoU will not impose any more onerous or other obligations other than those provided for in the FSR Act or that may be reasonably required for cooperation and collaboration.

2. Definitions and Interpretation

2.1 If a word or expression defined herein is also defined in section 1(1) of the FSR Act, the definition provided for in the FSR Act will take precedence, unless the context otherwise requires.

2.2 The singular includes the plural and *vice versa.*

2.3 The annexures to this MoU form an integral part hereof and words and expressions defined herein shall bear, unless the context otherwise requires, the same meaning in the annexures.

2.4 In this MoU and in the annexures thereto, unless the context indicates or requires otherwise:

2.4.1 "**CEO of the PA**" means the Chief Executive Officer of the Prudential Authority appointed in terms of section 36 of the Financial Sector Regulation Act 2017, (Act No. 9 of 2017);

2.4.2 "**Companies Act**" means the Companies Act 2008, (Act No. 71 of 2008);

2.4.3 "**Designated Institution**" means designated institutions as defined in terms of section 29A of the Financial Sector Regulation Act 2017, (Act No. 9 of 2017) and it includes a systemically important financial institution or designated systemically important payment system operator in terms of sections 29, and 29B of the Financial Sector Regulation Act 2017, (Act No. 9 of 2017);

2.4.4 "**FICA**" means the Financial Intelligence Centre Act 2001, (Act No. 38 of 2001);

2.4.5 "**FMA**" means the Financial Markets Act 2012, (Act No.19 of 2012);

2.4.6 "**FSLAA**" means the Financial Sector Laws Amendment Act, 2021 (Act No. 23 of 2021);

2.4.7 "**FSOC**" means the Financial Stability Oversight Committee established in terms of section 20 of the Financial Sector Regulation Act 2017, (Act No. 9 of 2017);

2.4.8 “**FSR Act**” means the Financial Sector Regulation Act 2017, (Act No. 9 of 2017);

2.4.9 “**Governor**” means the person appointed under sections 4 or 6(1)(a) of the South African Reserve Bank Act 1989, (Act No. 90 of 1989), as the Governor of the South African Reserve Bank;

2.4.10 “**MoU**” means this Memorandum of Understanding and any annexures hereto;

2.4.11 “**NCA**” means the National Credit Act 2005, (Act No. 34 of 2005);

2.4.12 “**NPS Act**” means the National Payment System Act 1998, (Act No. 78 of 1998);

2.4.13 “**Orderly resolution of designated institution**” means the management of the affairs of the designated institution as provided in Chapter 12A of the Financial Sector Regulation 2017, (Act No. 9 of 2017), in a way that assists in maintaining financial stability, ensures that the critical functions performed by a designated institution continue to be performed, and in case of a bank, protects the interests of depositors;

2.4.14 “**PA**” means the Prudential Authority, a juristic person within the administration of the South African Reserve Bank, established in terms of section 32 of the Financial Sector Regulation 2017, (Act No. 9 of 2017);

2.4.15 “**Parties**’’ means the Reserve Bank and the Prudential Authority and “Party” means any one of them as may be required in the context;

2.4.16 “**POPIA**” means the Protection of Personal Information Act 2013, (Act No.4 of 2013);

2.4.17 “**Reserve Bank**” means the South African Reserve Bank as referred to in section 223 of the Constitution of the Republic of South Africa, 1996 and established in terms of the South African Reserve Bank Act 1989, (Act No. 90 of 1989); and

2.4.18 “**SARB Act**” means the South African Reserve Bank Act 1989, (Act No.90 of 1989).

3. Purpose

3.1 This MoU embodies the understanding of the Parties with regard to a relationship of mutual cooperation, trust, support, and assistance among the Parties. It serves to strengthen and formalise the existing relationships among the Parties in the areas of policy, financial stability, drafting of regulatory instruments, regulation, licensing, supervision and oversight, inspections, investigations, enforcement of compliance with the relevant financial sector laws by supervised entities, resolution planning, resolution actions, general information sharing, training and any other matter within the mandate and functions of either Party. It further enables the Parties to put in place a mechanism/s for exchange of information between the Parties for the purposes described herein.

3.2 The MoU provides a framework of cooperation between the Parties in order to lay the basis for seeking ways to complement each other’s legal mandates and share information and expertise.

3.3 The Parties agree to provide mutual assistance and to exchange information, subject to compliance with relevant laws, and to endeavour to reach a common understanding on areas where their respective supervisory responsibilities may overlap.

3.4 The Parties agree that they are bound by section 33 of the SARB Act and section 251 of the FSR Act and therefore may share any information with each other in terms of the Reserve Bank’s information security and data privacy policies.

3.5 It is not the intention of the Parties that this MoU creates any legally binding obligations among them, other than those already contained in the relevant laws.

3.6 The Parties agree and undertake to implement this MoU on a foundation of mutual trust and good faith.

3.7 The Parties agree that, in order to assist and facilitate the implementation and execution of this MoU additional processes and procedures may be implemented in order to prescribe detailed practical steps and/or arrangements between the Parties.

4. Statutory cooperation in relation to the Reserve Bank's financial stability responsibility

4.1 In terms of section 26(1) of the FSR Act the PA must:

4.1.1 co-operate and collaborate with the Reserve Bank to maintain, protect, and enhance financial stability, including in relation to the Reserve Bank's resolution functions;

4.1.2 provide such assistance and information to the Reserve Bank and the FSOC to maintain or restore financial stability as the Reserve Bank or the FSOC may reasonably request, including in relation to the Reserve Bank's resolution functions;

4.1.3 promptly report to the Reserve Bank any matter of which they become aware that poses or may pose a risk to financial stability or needs a resolution function to be exercised in relation to a designated institution;

4.1.4 gather information from, or about, financial institutions and designated institutions, which concerns financial stability or affects or may affect the performance of the Reserve Bank resolution functions; and

4.1.5 provide such information and assistance that the Reserve Bank may reasonably request, relating to designated institutions and the Reserve Bank's resolution functions.

4.2 In terms of section 26(2) of the FSR Act, the Reserve Bank must take into account any views expressed, and any information reported by the PA.

4.3 In terms of section 12 of the FSR Act, the Reserve Bank must monitor risks and take steps to mitigate risks to financial stability, including advising the PA to take steps to mitigate those risks. The Governor may, in terms of section 14 of the FSR Act, determine systemic events and must notify the PA of such a determination and of an amendment or revocation of such a determination.

4.4 The Governor may issue a written directive to the PA in terms of section 18 of the FSR Act to provide the Reserve Bank with information specified in the directive that the Governor or the Reserve Bank needs for the determination of systemic events, that is in the possession of the PA or obtainable by it.

4.5 If the Governor has in terms of section 14(4) of the FSR Act determined that a systemic event has occurred or is imminent, the Governor may, in writing, direct the PA to assist the Reserve Bank with its functions in relation to systemic events by acting in accordance with the directive when exercising its powers. The directive may include directions aimed at supporting the restructuring, orderly resolution or winding-up of any financial institution/ designated institution; preventing or reducing the spread of risk, weakness or disruption through the financial system or increasing the resilience of the financial institutions to risk, weakness and disruption.

4.6 To mitigate the risks that systemic events may occur, the Reserve Bank may, in terms of section 30 of the FSR Act, and after consulting with the PA, give a directive to the PA requiring it to impose, either through prudential standards or regulator's directives, requirements applicable to one or more specific designated institutions or to financial institutions generally in relation to matters provided in section 30 of the FSR Act.

4.7 In addition, to mitigate the risk that a designated institution may need to be placed in resolution the Reserve Bank may in terms of section 30(1A) after consulting with the PA, direct the PA to issue prudential standards and/or directives on matters prescribed under that section.

4.8 In terms of section 34(1)(b) of the FSR Act, the PA must co-operate with and assist the Reserve Bank, as required by the FSR Act.

4.9 The Parties hereby undertake to promptly and reasonably carry out their statutory duties and obligations, as set out above, in the following manner:

4.9.1 The Parties will seek the input of each other on draft documentation that has an impact on the maintenance of financial stability. The classification of what documentation impacts the maintenance of financial stability will be decided between the Parties;

4.9.2 The Reserve Bank hereby undertakes to promptly notify the PA of a determination made in terms of section 14 of the FSR Act and of its amendment or revocation thereof;

4.9.3 The PA hereby, in terms of section 17(a) of the FSR Act, undertakes to promptly provide the Reserve Bank with any information in its possession which may be relevant for the Reserve Bank to manage the systemic event or the effects thereof;

4.9.4 The PA hereby, in terms of section 17(b) of the FSR Act, undertakes to consult with the Reserve Bank before exercising any of its powers in a way that may compromise steps taken or proposed to manage the systemic event or its effects;

4.9.5 The details and structure of the information required in terms of this section will be decided between the Parties; and

4.9.6 The PA undertakes to promptly obtain the concurrence of the Reserve Bank before taking any of the steps specified under section 166D of the FSR Act.

4.10 The PA recognises and acknowledges that in terms of section 166D of the FSR Act, that none of the following steps may be taken in relation to a designated institution without the concurrence of the Reserve Bank:

4.10.1 suspending, varying, amending or cancelling a licence issued to a designated institution;

4.10.2 adopting a special resolution to wind up the designated institution voluntarily;

4.10.3 applying to a court for an order that the designated institution be wound up;

4.10.4 appointing an administrator, statutory manager, trustee, liquidator, provisional liquidator or curator for or of the designated institution;

4.10.5 adopting a resolution to begin with business rescue proceedings and place a designated institution under supervision;

4.10.6 applying for a court order for an order in terms of section 131 of the Companies Act to place a designated institution under supervision and commencing with business rescue proceedings;

4.10.7 adopting a business rescue plan for the designated institution;

4.10.8 any step corresponding to, or having the same or similar effect to a step mentioned in paragraphs 4.10.1 to 4.10.11;

4.10.9 entering into an agreement for amalgamation or merger as defined in section 1 of the Companies Act of the designated institution with a company;

4.10.10 the designated institution entering into a compromise arrangement referred to in section 155 of the Companies Act with creditors of the designated institution; and

4.10.11 any action to reduce the value of an outstanding claim against the designated institution or to convert an instrument issued by the designated institution to another instrument, whether such action is taken in terms of a financial sector law or agreement.

4.11 The Governor or the Deputy Governor responsible for financial stability will notify the CEO of the PA in writing of any event or requirements as provided for by the FSR Act.

5. Information sharing

5.1 The Reserve Bank may request and receive information from the PA, in respect of matters relating to financial stability, the safety and soundness of financial institutions, including designated institutions and other matters relating to the financial sector.

5.2 The PA may request and receive information from the Reserve Bank, in respect of micro-prudential regulation and supervision, the safety and soundness of financial institutions, including designated institutions and other matters relating to the financial sector.

5.3 The Parties must share information with each other without delay and in compliance with sections 76 and 251 of the FSR Act.

5.4 The Parties agree that the Reserve Bank provides the PA with resources and services which includes policies such as information security, data privacy, and protection of personal information policies. The Reserve Bank further provides information technology, data privacy and security (including cyber security) to the PA. The Parties are satisfied that the conditions set out in section 251 of the FSR Act related to information sharing have been met and that there are no restrictions to sharing information between the PA and the Reserve Bank.

5.5 The PA will provide the Reserve Bank with access to and information on its regulatory and supervisory processes and information gathered through regulation and supervision activities.

5.6 In executing its mandate, the Reserve Bank may produce information which may be beneficial to the PA, and such information may be shared with the PA.

5.7 The PA will provide the Reserve Bank with any information related to enhanced supervision, risk management and any other aspect of supervision which the Reserve Bank needs to perform its functions to the extent permitted by law.

6. Minimising the duplication of effort and expense

6.1 The Parties through the mechanisms outlined in this MoU and in general, will make every effort to minimise the duplication of effort and expense in the performance of their functions, both as between the Parties and also in relation to any obligations they respectively impose on financial institutions and/or designated institutions that concerns financial stability or affects or may affect the performance of the Reserve Bank's resolution functions as contemplated in the FSR Act.

7. Specific areas of cooperation and collaboration

The primary principles that shall govern the MoU are as follows:

7.1 The Parties recognise and respect the autonomy, independence, and internal process of each other.

7.2 The Parties shall seek to complement each other in performance of their respective functions.

7.3 This MoU is based on the understanding and respecting of each Party's mandate, processes, and responsibilities.

7.4 The Parties shall cooperate in utmost good faith and with honesty, integrity, and professionalism at all times.

7.5 Communication from one Party to the other shall be responded efficiently and timeously and shall take place in the context of seeking ways to cooperate and complement each Party's functions.

7.6 Sections 26 and 76 of the FSR Act provide that the PA and the Reserve Bank must co-operate and collaborate when performing their functions in terms of financial sector laws, the NCA, and the FICA and must for this purpose:

7.6.1 generally, assist and support each other in pursuing their objectives in terms of financial sector laws, FICA and the NCA; and

7.6.2 inform each other about, and share information about, matters of common interest.

7.7 Without limiting the generality of this MoU, the Parties agree to specifically co-operate and collaborate on the following matters, in the manner set out in Annexures A to H, which form part of this MoU:

7.7.1 Consistent strategies (Annexure A);
7.7.2 Regulations and regulatory instruments (Annexure B);
7.7.3 Licensing of financial institutions and market infrastructures (Annexure C);
7.7.4 Supervisory on-site inspections and investigations (Annexure D);
7.7.5 Enforcement and administrative action (Annexure E);
7.7.6 Recovery and Orderly Resolution of designated institutions (Annexure F);
7.7.7 Reporting by financial institutions, including statutory reporting and data collection; measures (Annexure G); and
7.7.8 Information sharing (Annexure H).

7.8 The Parties agree that, in order to facilitate the implementation and execution of this MoU, additional processes and procedures between the Parties may be documented, which will prescribe detailed practical steps and/or arrangements between the Parties. The processes and procedures will not form part of this MoU.

8. Policies and strategies

8.1 Each Party will draft strategies and policies in pursuit of their respective objectives.

8.2 The Parties will consult each other at an early stage in relation to strategy and policy development.

8.3 The Parties will strive to adopt consistent regulatory strategies, including addressing regulatory and supervisory challenges.

8.4 The process between the Parties on consistent regulatory strategies is detailed under Annexure "A".

9. Regulatory instruments

9.1 In terms of section 98(3) read with section 99 of the FSR Act, when the PA is making a regulatory instrument or a regulatory instrument that is materially different from the draft thereof, it must comply with section 98(1)(a) of the FSR Act and must provide a copy of the documents specified therein to Parties mentioned in section 98(3)(a), including the Reserve Bank.

9.2 When the PA is making an urgent regulatory instrument, it must comply with section 100(1) and 100(2) of the FSR Act and must within 30 days of making the instrument provide a copy of the documents specified therein to Parties mentioned in section 100(3)(b)(i) including the Reserve Bank.

9.3 In terms of section 105 of the FSR Act the PA may make Prudential Standards.

9.4 The Reserve Bank may direct the PA to issue a Prudential Standard or issue a Directive in terms of section 30(1A) of the FSR Act.

9.5 In terms of section 109(2) of the FSR Act, the PA may not make a standard aimed at assisting in maintaining financial stability, including a standard aimed at designated institutions in resolution without the concurrence of the Reserve Bank.

9.6 The process between the Parties on regulatory instruments is detailed under Annexure "B".

10. Licensing

10.1 The PA is empowered by the provisions of Chapter 8 of the FSR Act and the provisions of relevant financial sector laws to:

10.1.1 issue a licence;
10.1.2 vary, suspend, or revoke a licence; and
10.1.3 grant an exemption.

10.2 In terms of section 126 of the FSR Act, the PA may not take any of the actions specified in 4.10 of this MoU if the action relates to a designated institution, unless the Reserve Bank has concurred.

10.3 The process between the Parties on licensing is detailed under Annexure "C".

11. Enforcement and administrative action

11.1 Chapters 6 and 10 of the FSR Act make provisions for the PA to take administrative actions and make enforcements respectively. In terms of Chapter 13 of the FSR Act, the PA may impose administrative penalties. The PA is also empowered to make enforcement and take administrative actions in terms of financial sector laws for which it is the responsible authority.

11.2 In terms of section 143(4) of the FSR Act, the PA may not issue a directive to a financial institution that is causing or contributing to instability in the financial system, or is likely to do so, unless the PA has been directed to do so by the Governor in terms of section 18 of the FSR Act or with the concurrence of the Reserve Bank.

11.3 The process between the Parties on enforcement and administrative action is detailed under Annexure "E".

12. Significant owners

12.1 In terms of section 158(2) of the FSR Act, a person may not affect any arrangement that will result in the person, alone or together with a related or inter-related person becoming a significant owner of a financial institution, without the prior written approval of the responsible authority for a financial sector law in terms of which the financial institution is required to be licensed.

12.2 In terms of section 158(4) of the FSR Act, a person may not effect an arrangement that will result in the person, alone or together with a related or inter-related person, increasing or decreasing the extent of the ability of the person, alone or together with a related or inter-related person, to control or influence materially the business or strategy of the financial institution without the prior written approval of the responsible authority for a financial sector law in terms of which the financial institution is required to be licensed.

12.3 The PA will advise the Reserve Bank of all approvals and notifications that it has received with regard to significant owners of designated institutions at the quarterly PA and Reserve Bank meeting.

13. Financial conglomerates

13.1 In terms of section 160(1) of the FSR Act, the PA may designate members of a group of companies as a financial conglomerate.

13.2 The PA will notify the Reserve Bank in writing once it has designated members of a group of companies as a financial conglomerate. In addition, this notification may also occur at the quarterly PA and Reserve Bank meeting.

14. Designated institutions and payment systems

14.1 The Reserve Bank, acting through the Governor, may designate a financial institution as a systemically important financial institution in terms of section 29 of the FSR Act.

14.2 The Reserve Bank, acting through the Governor, may further designate a payment system as a systemically important payment system in terms of section 29B of the FSR Act.

14.3 The Reserve Bank will inform the PA of such a proposed and actual designation through the FSOC, which is established in terms of section 20 of the FSR Act.

14.4 The CEO of the PA is a member of the FSOC in terms of section 22 of the FSR Act.

15. Recovery and Orderly resolution

15.1 The PA is responsible for overseeing the recovery of financial institutions and designated institutions, and in the event of a failure, may employ actions and/or management process to the likely to fail financial institution and designated institution under the relevant financial sector law for which it is the responsible authority.

15.2 The Reserve Bank must consult the PA when making a determination that a failing designated institution should enter into a transaction in terms of section 166S(1) of the FSR Act.

15.3 In compliance with section 166(D) of the FSR Act, the PA will not take any steps pertaining to the winding-up or similar steps in respect of designated institutions without the concurrence of the Reserve Bank. The Parties agree that they will co-operate and collaborate at an early stage when dealing with the recovery or possible failure and subsequent orderly resolution of designated institutions.

15.4 The process between the Parties on recovery and orderly resolution of designated institutions is detailed under Annexure "F".

16. Domestic, regional, and international fora

16.1 The Parties will co-operate to ensure that there is appropriate representation in domestic, regional, and international regulatory fora and training initiatives.

16.2 The Parties will ensure that they collaborate and develop, to the extent appropriate, consistent policy positions for the purposes of presentation and negotiation at such fora.

17. Confidentiality and permissible use of information

17.1 The Parties acknowledge that all information exchanged between the Parties constitutes confidential information.

17.2 The Parties undertake to utilise all confidential information within the scope of the powers and duties of the Requesting Party, for the purpose specified in the request for such information and within the prescripts of the financial sector legislation.

17.3 All confidential information shall be securely stored and only accessed by duly authorised officials.

17.4 The Parties, in providing written materials pursuant to this MoU, should mark every document of the material provided with "**Confidential - provided pursuant to the Memorandum of Understanding between the Reserve Bank and the Prudential Authority**".

17.5 The Parties may not disclose any information obtained under this MoU to a third party. The Parties agree that information will only be disclosed to a third party if:

17.5.1 The Parties agree that prior notification and written consent of the Requested Party shall be sought prior to disclosure of confidential information to third parties, which consent shall not be unreasonably withheld.

17.6 The Parties agree that confidential information held by or received from the Requested Party will not be disclosed to any third party without appropriate limitations placed thereupon as determined by the Requested Party.

17.7 The Parties undertake:

17.7.1 to ensure that the safeguards on protection of information will comply at all times, with the provisions of the FSR Act and the POPIA as set out in the relevant data protection policies of the Reserve Bank;

17.7.2 to notify the other Party immediately regarding any breach of confidentiality or failure of safeguards contained in this MoU; and

17.7.3 that where confidential information is disclosed in contravention of this MoU, the Party that has disclosed such information shall be solely liable in law for such disclosure.

17.8 The Parties acknowledge that the PA adheres to all Reserve Bank policies and procedures, including but not limited to information security, data protection and human resources policies, due to the Reserve Bank providing resources to the PA in terms of section 51 of the FSR Act.

17.9 The Parties acknowledge that any person who utilises confidential information otherwise than in accordance with any arrangements or safeguards made or imposed by this MoU or within the prescripts of the financial sector legislation, is guilty of an offence and may be criminally prosecuted.

18. General provisions

18.1 The Parties agree to meet at least every quarter to discuss matters outlined in this MoU, unless otherwise agreed.

18.2 The PA will host the quarterly meetings referred to in sub-clause 3.1 of this MoU.

18.3 The Parties agree to:

18.3.1 assist one another in relation to, amongst others, information gathering, research and training programmes, assessments, and other projects of mutual interest which the Parties may deem necessary from time to time in the furtherance of their respective mandates;

18.3.2 secure sufficient and appropriate resources in order to meet their obligations in terms of the FSR Act and to implement the terms of this MoU; and

18.3.3 provide assistance and support to each other in the formulation of input and comments to and the implementation of relevant international financial regulatory and/or supervisory standards.

18.4 By executing this MoU neither party waives any immunity to which it may be entitled nor submits to the jurisdiction of any court that would not have been a court of competent jurisdiction if this MoU had not been executed.

18.5 No provision of this MoU shall give rise to the right on the part of any person, entity or governmental authority other than the Parties, directly or indirectly, to obtain any information or to challenge the execution of a request for information under this MoU.

18.6 Differences arising out of the interpretation, operation and implementation of this MoU will be settled amicably through consultation between the Parties. Where the Parties are at an impasse the matter will be referred to the CEO of the PA and the Governor.

18.7 The operation and implementation of this MoU will be subject to a review by the Parties at least once every three years, as required by the FSR Act. Any amendment agreed to by the Parties must be reduced to writing, shall form part hereof and shall come into effect on a date agreed upon by the Parties.

18.8 The termination of this MoU will not prejudice the completion, in accordance with its terms, of any on-going projects or activities under this MoU.

19. Effective date and duration of the MoU

19.1 This MoU comes into effect on the date of the last signing Party.

19.2 This MoU must remain in force until it is amended or repealed by both Parties.

20. Review of the MoU

20.1 This MoU shall on an ongoing basis be reviewed to accommodate developments incidental to matters that require cooperation between the Parties. The review shall take into account prevailing legal precedents, legislative requirements, amendments and promulgation of regulations, as the case may be.

21. Domicilium citandi et executandi

21.1 The Parties choose the following address as their respective *domicilium citandi et executandi* for purposes of this MoU:

The South African Reserve Bank
370 Helen Joseph Street
Pretoria
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22. Whole Agreement

22.1 The MoU entered into by the Parties on 26 September 2018 is hereby amended and is substituted for this MoU. This MoU together with its annexures (which are in the public domain) and protocols of engagement where applicable (which are not in the public domain) constitute the whole agreement between the Parties relating to the subject matter hereof, and supersedes any prior MoU's entered into between the Parties.

Signed and agreed to at Tshwane **on this** 30th **day of** October
2025

Lesetja Kganyago

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Governor Lesetja Kganyago

For and on behalf of the South African Reserve Bank

Signed and agreed to at Pretoria **on this** 30 **day of** October
2025

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CEO Ms Fundi Tshazibana

For and on behalf of the Prudential Authority

Annexure A – Consistent strategies

1. Scope and activities

1.1 This annexure incorporates the process to be followed when the PA and the Reserve Bank finalise their strategies.

1.2 In terms of section 3 of the SARB Act, the primary objective of the Reserve Bank is to protect the value of the currency in the interest of balanced and sustainable economic growth and to protect and maintain financial stability.

1.3 In terms of section 51 of the FSR Act, the Reserve Bank must provide the PA with Resources. The PA has been part of the Reserve Bank's strategy formulation process and a contributor to the execution of the Reserve Bank's strategy since its establishment on 1 April 2018.

2. Finalisation of strategies

2.1 The Reserve Bank will invite the PA to all relevant strategy formulation and measurement engagements.

2.2 The PA will contribute to formulating and executing the Reserve Bank's strategy.

2.3 The PA will formulate its regulatory strategy in terms of section 47 of the FSR Act and in alignment with the Reserve Bank's strategy.

2.4 The PA's regulatory strategy will stipulate the regulatory and supervisory priorities of the PA over the next five years and the intended key outcomes of the strategy.

3. Addressing challenges

3.1 The PA and the Reserve Bank will at their quarterly management meeting have as a standing agenda item, whereby both parties will discuss challenges that were experienced during the period under review as well as the steps taken to overcome such challenges.

4. Responsible persons

4.1 All communication pertaining to regulatory strategy and regulatory as well as supervisory challenges will be issued from or delivered to the CEO of the PA and the Deputy Governor responsible for financial stability.

Annexure B – Regulations and regulatory instruments

1. Scope

1.1 This annexure incorporates the process to be followed when the PA and Reserve Bank draft and finalise regulatory instruments.

2. Regulatory instruments

2.1 The parties agree that over and above the consultation required by the FSR Act, the Parties will inform each other at an early stage when developing standards and other regulatory instruments that may affect their respective objectives.

2.2 The above-mentioned also applies to urgent regulatory instruments.

2.3 The development of standards and other regulatory instruments will be a standing agenda item at the quarterly PA-Reserve Bank management meeting.

2.4 The PA may invite representatives from the Reserve Bank to attend any regulatory working groups, panels, committees or other meetings related to developing regulatory instruments.

2.5 The PA agrees to adhere to Directives issued in terms section 30(1) of the FSR Act without undue delay.

3. Responsible persons

3.1 All communication regarding regulations and regulatory instruments will be issued from or delivered to the Head of the Policy, Statistics and Industry Support Department of the PA and the Head of the Financial Stability Department of the Reserve Bank.

Annexure C - Licensing of financial institutions and market infrastructures

1. Scope and activities

1.1 This annexure incorporates the process to be followed when the PA licenses financial institutions. In this regard, the process of issuing, varying, suspending or revoking a license will be covered under this annexure.

2. The licensing of banks, insurers and market infrastructures

2.1. The Legal Support Division of the Policy, Statistics and Industry Support Department of the PA (the Legal Support Division) will receive the license application for a Bank (includes a Mutual Bank, Co-operative Bank, Co-operative Financial Institution, Branch of a foreign institution and Representative Office of a foreign institution) and Insurer in its prescribed form via the Umoja Solution, or in the case of a Market Infrastructure, by email via the Financial Sector Conduct Authority (FSCA).

2.2. The Legal Support Division will assess the application to determine whether it meets the minimum legal requirements in terms of the relevant sections of the sectoral laws and other regulatory instruments. The process for assessment is prescribed by internal PA documents. Once the application is legally complete, the relevant PA frontline team will share the complete application, via the Umoja Solution, with the relevant PA divisions and risk specialists. The Legal Support Division will share the complete application with the FSCA to the extent applicable. The relevant PA divisions and risk specialists will review the application in order to assess the application in terms of risk, supervisory and/or prudential requirements and the FSCA will review the application from a market conduct perspective. Once the Applicant has addressed all the PA and FSCA queries and comments, the application will be tabled at the Licensing Panel for consideration. Should the application be approved at the Licensing Panel and concurrence required in terms of the relevant legislation and/or the PA-FSCA MoU, the Legal Support Division will request same from the FSCA via the Umoja Solution or if the FSCA requested concurrence, the relevant frontline team will send the PA concurrence to the FSCA. Once concurrence is received, the approval letter will then be sent to the CEO of the PA for signature. Should the application be declined at the Licensing Panel or should the FSCA not concur, the decline letter will then be sent to the CEO of the PA for signature.

2.3. If the PA receives a license application linked to a designated institution, then the PA will approach the Reserve Bank for concurrence. The concurrence of the Reserve Bank is required for designated institutions.

2.4. The Reserve Bank will provide its concurrence to the PA or provide reasons for not concurring within a reasonable time.

2.5. Financial Market Infrastructures are licensed by the FSCA in terms of the FMA and the Regulations to the FMA. The Parties will be required to give concurrence in relation to Financial Market Infrastructure applications to the extent applicable. The FSCA sends concurrence requests directly to the Parties for their attention to the extent applicable.

2.6. The Head of the Legal Support Division will advise the Head of the Financial Stability Department in writing once a final letter has been sent to the Applicant with the decision.

3. Varying, suspending and revoking a license

3.1 The PA will approach the Reserve Bank for concurrence when it is contemplating a decision to vary, suspend or revoke a license of a designated institution.

3.2 The Reserve Bank will provide its concurrence to the PA or provide reasons for not concurring within a reasonable time.

4. A standing agenda item at the PA and the Reserve Bank quarterly meeting

4.1 Licensing will be tabled as a standing agenda item at the quarterly PA and Reserve Bank meeting.

4.2 The Reserve Bank's representative from the Financial Stability Department will be a permanent invitee to Licensing Panel meetings where licensing decisions are made by the PA.

5. Responsible persons

5.1 All communication regarding licensing will be issued from or delivered to the Head of the Policy, Statistics and Industry Support Department or the Head of the Legal Support Division and the Head of the Financial Stability Department of the Reserve Bank.

Annexure D - Supervisory onsite inspections and investigations

1. Scope and activities

1.1 This Annexure incorporates the process to be followed when the PA conducts supervisory onsite inspections and investigations at licenced financial institutions.

2. Onsite Inspections and investigations

2.1 The PA will conduct supervisory on-site inspections and investigations in terms of the FSR Act.

2.2 Through consultation between the Parties, the Reserve Bank may join PA onsite inspections of designated institutions and may request an inspection report or any other related information.

2.3 The PA will notify the Reserve Bank, if during a supervisory on-site inspection or investigation the PA uncovers a matter that is of interest to the Reserve Bank or is of mutual interest.

2.4 Information sharing will be conducted in accordance with Annexure H.

3. Responsible persons

3.1 All communication regarding supervisory on-site inspections and investigations will be issued from or delivered to the Head of the Policy, Statistics and Industry Support Department or the Head of the Department responsible for the relevant institution and the Head of the Financial Stability Department.

Annexure E -Enforcement and administrative action

1. Scope and activities

1.1 This Annexure incorporates the process to be followed when the PA takes enforcement and administrative action against financial institutions.

2. Enforcement Action

2.1 The PA's Regulatory Action Committee (PARAC) makes all recommendations regarding enforcement action to the CEO of the PA unless certain powers have been delegated to the Heads of Department or the Divisional Head responsible for enforcement.

2.2 The PA will inform the Reserve Bank of all enforcement action taken against financial institutions in a quarterly report which will be presented at the quarterly PA-Reserve Bank meeting.

2.3 Where the enforcement action that may be taken by PARAC is deemed significant, the Head of the Policy, Statistics and Industry Support Department will consult with the Head of the Financial Stability Department before tabling any recommendations at PARAC.

2.4 The Parties will determine what enforcement action taken in terms of clause 2.3 of this MoU may be deemed as significant.

3 Administrative action

3.1 The PA will inform the Reserve Bank of all administrative actions taken against designated institutions in a quarterly report which will be presented at the quarterly PA-Reserve Bank meeting.

3.2 The PA will consult and notify the Reserve Bank when a significant administrative action is proposed or taken against a designated institution.

4 Responsible persons

4.1 All communication regarding supervisory on-site inspections and investigations will be issued from or delivered to the Head of the Policy, Statistics and Industry Support Department or the Head of the Department responsible for the relevant institution and the Head of the Financial Stability Department.

Annexure F - Recovery and Orderly Resolution of designated institutions

1. Scope and activities

1.1 This annexure incorporates the process to be followed when:

1.1.1 The Reserve Bank takes steps to designate an institution as systemically important in accordance with section 29A of the FSR Act; and

1.1.2 The PA takes any steps against a financial institution and/or a designated institution that is failing or likely to fail.

2 Designated institutions

2.1 The PA will implement processes and systems to assist the Reserve Bank in identifying financial institutions which may need to be designated as systemically important.

2.2 The Parties will share data in relation to all financial institutions, as soon as practically possible, in order to assist each other in determining the systemic importance of financial institutions .

3 Recovery and Orderly resolution of designated institutions

3.1 The PA shall immediately notify the Reserve Bank in writing should a financial institution and/or a designated institution enter into recovery processes or is nearing a point of non-viability.

3.2 The Reserve Bank must also notify the PA in writing when it receives or uncovers information that affects a financial institution and/or designated institution under the purview of the PA that may trigger recovery processes.

4 Failing financial institutions and/or designated institutions

4.1 The PA will immediately notify the Reserve Bank in writing when a financial institution and/or a designated institution has failed or is likely to fail.

4.2 Managing the situation pertaining to a financial institution and/or designated institution that has failed or that is likely to fail will be done in terms of the processes set out in the FSR Act and relevant sectoral law(s), and taking into consideration the powers and functions conferred to the Parties in terms of the FSR Act.

4.3 The PA will provide the Reserve Bank with access to all the information provided by institutions and/or designated institutions for regulatory and supervisory purposes as well as assisting with the issuing of new returns for the provision of data for macroprudential, financial stability and resolution planning purposes that may not already be collected by the PA for its supervisory purposes.

4.4 The PA will ensure that it collects data on individual institutions necessary to measure systemic significance, these include but are not limited to size, global activity, interconnectedness, complexity, cross-border activities, social impact and financial inclusion.

5 Responsible persons

5.1 All communication regarding information sharing will be done in terms of the specific sections of this MoU or relevant annexures. General enquiries will be issued from or delivered to the Head of the Risk Support Department of the PA and the Head of the Financial Stability Department of the Reserve Bank.

Annexure G - Reporting by financial institutions, including statutory reporting and data collection measures

1. Scope and activities

1.1 This annexure covers the process to be followed by the Parties with regard to reporting conducted by financial institutions and data collection measures.

2. Reporting by financial institutions

2.1 The Parties will identify areas where they require the same information from financial institutions and thereafter assess the best method to enable the financial institution to submit the information once to either Party. The receiving Party will thereafter either allow access by the other Party or send the information to the other Party (whichever is the most direct and efficient method).

2.2 Information sharing will be as per section 17 and Annexure H of this MoU.

3. Data collection measures

3.1 The Parties will continuously assess their current data collection measures to determine how they can be streamlined through co-operation and collaboration measured between the Parties.

4. Responsible persons

4.1 All communication regarding reporting will be issued from or delivered to the Head of the Risk Support Department of the PA and the Head of the Financial Stability Department of the Reserve Bank or authorised signatories in terms of the Reserve Bank's authorised signatories list.

Annexure H – Information sharing

1. Scope and activities

1.1 This annexure covers the principles to be followed by the Parties with regard to information sharing.

1.2 For the purposes of this annexure, “information” does not include aggregate statistical data or information that does not disclose the identity of the person.

2. Information sharing

2.1 The PA and the Reserve Bank will on an ongoing basis share information in accordance with section 251 of the FSR Act.

2.2 The Parties will proactively identify types of information which, if shared, would enhance appropriate co-operation and collaboration between them, including but not limited to information obtained or in the possession of one Party that would be likely to assist the other Party in administering, supervising or enforcing financial sector laws.

2.3 Any means of communication will be acceptable, but should preferably be in writing, or subsequent to communication be reduced to writing and may be transmitted by electronic means.

2.4 The following information will be provided by the PA to the Reserve Bank:

2.4.1 all data on individual financial institutions regulated by the PA, including but not limited to banks, insurers, market infrastructures, their groups and/or financial conglomerates including all regulatory returns and any other information provided by a regulated financial institution.

2.4.2 access to all the information provided by financial institutions for supervisory purposes, as well as assisting with the issuing of new or updated regulatory returns for the provision of data for financial stability and for resolution and crisis preparedness purposes that may not already be collected by the PA for supervisory purposes;

2.4.3 data on individual institutions necessary to measure systemic significance, these include but are not limited to size, global activity, interconnectedness, complexity, social impact and financial inclusion; and

2.4.4 trading and position data per participant from a market infrastructure.

3. Responsible persons

3.1 General enquiries will be issued from or delivered to the Head of the Risk Support Department of the PA and the Head of the Financial Stability Department of the Reserve Bank or authorised signatories in terms of the Reserve Bank's authorised signatories list.