NATIONAL TREASURY

NO. 1427 **31 DECEMBER 2020**

AMENDMENTS TO REGULATIONS IN TERMS OF BANKS ACT, 1990

The Minister of Finance has, in terms of section 90 of the Banks Act, 1990 (Act No. 94 of 1990), made amendments to the Regulations relating to Banks which were published in Government Notice No. R. 1029 of 12 December 2012, Government Notice No. R. 261 of 27 March 2015, Government Notice No. R. 309 of 10 April 2015, General Notice No. R. 297 of 20 May 2016 and Notice No. 724 of 18 December 2020, as set out in the Schedule.

SCHEDULE

Definitions

1. In this Schedule, "the Regulations" means the Regulations published under Government Notice No. R. 1029, in *Government Gazette* No. 35950 on 12 December 2012, as amended by-

(a) Government Notice No. 261, published in *Government Gazette* No. 38616 of 27 March 2015;

(b) Government Notice No. 309, published in *Government Gazette* No. 38682 of 10 April 2015;

(c) Government Notice No. 297, published in *Government Gazette* No. 40002 of 20 May 2016; and

(d) Notice No. 724, published in *Government Gazette* No. 44003 of 18 December 2020.

Substitution of form BA 200

2. The form set out in Annexure A to this notice is hereby substituted for form BA 200 immediately preceding regulation 23 of the Regulations.

Amendment of regulation 23 of the Regulations

3. Regulation 23 of the Regulations is hereby amended-

(a) by the addition to the proviso to subregulation (3) of the following paragraph:

"(iii) irrespective of whether the bank adopts the standardised approach or IRB approach for the measurement of the bank's exposure to credit risk, the bank shall apply the relevant requirements specified in regulation 31 of these Regulations in respect of the bank's equity investments in all types of funds that are held in the bank's banking book, including any off-balance sheet exposure, such as unfunded commitments to subscribe to a fund's future capital calls, provided that the said requirements specified in regulation 31 of these Regulations shall not apply to any exposure, including any underlying exposure held by a fund, that is required to be deducted from the bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 38(5) of these Regulations.";

(b) by the substitution in subregulation (6) for paragraph (g) of the following paragraph:

"(g) In the case of off-balance-sheet exposure, other than-

(i) unsettled securities;

(ii) derivative contracts subject to counterparty credit risk as envisaged in subregulations (15) to (19);

(iii) posted collateral that is subject to the relevant requirements specified in subregulation (18) relating to the standardised approach for counterparty credit risk or in subregulation (19) relating to the internal model method for counterparty credit risk; or

(iv) securitisation or resecuritisation exposure as envisaged in paragraph (h) below,

the bank shall convert the off-balance-sheet exposure to a credit equivalent amount by multiplying the said exposure with the relevant credit-conversion factor specified in table 2 below:";

(c) by the insertion of the following two entries in column 2 of table 7 in subregulation (6)(j) in respect of transactions with specified counterparties that are assigned a risk weight of 0%, immediately after the entry that reads "World Bank Group, including the International Bank for Reconstruction and Development (IBRD) and the International Finance Corporation (IFC)":

"Multilateral Investment Guarantee Agency (MIGA)
International Development Association (IDA)";

(d) by the insertion of the following two entries in column 2 of table 7 in subregulation (6)(j) in respect of transactions with specified counterparties that are assigned a risk weight of 0%, immediately after the entry that reads "Council of Europe Development Bank (CEDB)" of the following entries:

"International Finance Facility for Immunization (IFFIm)
Asian Infrastructure Investment Bank (AIIB)";

(e) by the substitution in Table 7 in subregulation (6)(j) for the entire entry relating to assets to be risk weighted at

150%, of the following entry:

"Risk weight	Transactions with the following counterparties, including assets
150% or higher[1]	Assets Such assets as may be specified in writing by the Authority

1. As may be specified in writing by the Authority.";

(f) by the substitution in subregulation (9)(b)(viii)(A) for the words preceding subitem (i) of the following words:

"(A) shall in the case of a collateralised transaction calculate its adjusted exposure through the application of the formula specified below, which formula is designed to take into account the effect of the collateral and any volatility in the amount relating to the exposure or collateral. The formula is expressed as:";

(g) by the deletion in subregulation (9)(b)(viii) of item (B).

(h) by the substitution in subregulation (11)(m)(ii) for item (A) of the following item:

"(A) the potential future exposure arising from an interest-rate contract or currency swap contract, calculated in accordance with the relevant requirements related to the standardised approach specified in subregulation (18);";

(i) by the substitution for subregulation (15) of the following subregulation:

"(15) *Counterparty credit risk exposure and matters related thereto*

(a) Subject to the provisions of paragraph (b) and subregulation (16), for the measurement of a bank's exposure amount or EAD, risk-weighted exposure and related required amount of capital and reserve funds in respect of instruments, contracts or transactions that expose the reporting bank to counterparty credit risk, the bank may-

(i) at the discretion of the bank, use the standardised approach specified in subregulation (18) below, which standardised approach shall be available only for the measurement of the reporting bank's exposure to counterparty credit risk arising from OTC derivative instruments, exchange-traded derivative instruments and long settlement transactions, irrespective of whether the said instruments, transactions, contracts or agreements are recorded in the reporting bank's banking book or trading book, provided that-

(A) the bank's exposure to credit risk arising from securities financing transactions shall be calculated, among other things, in accordance with the relevant requirements specified in subregulations (8) and (9) of this regulation 23;

(B) when the standardised approach for the measurement of the bank's exposure to counterparty credit risk, in the Authority's discretion, does not sufficiently capture the risk inherent in the bank's relevant transactions, the Authority may require the bank to apply the standardised approach on a transaction-by-transaction basis, that is, without recognising any form or effect of netting;

(ii) subject to the prior written approval of and such further conditions as may be specified in writing by the Authority, in addition to the requirements specified in subregulation (19) below, use the internal model method specified in the said subregulation (19), provided that-

(A) a bank that obtained the approval of the Authority to adopt the internal model method shall only under exceptional circumstances or in respect of immaterial exposures be allowed to revert to the standardised approach for all or part of its exposure, provided that the bank shall in all cases demonstrate to the satisfaction of the Authority that the said reversion to the less sophisticated method does not lead to arbitrage in respect of the bank's required amount of capital and reserve funds;

(B) the internal model method may be applied by a bank that adopted the standardised approach or the IRB approach for the measurement of the bank's other exposures to credit risk;

(C) the internal model method shall be applied to all relevant exposures in a particular category of exposures that are subject to counterparty credit risk, except exposures that arise from long settlement transactions;

(D) the internal model method may be applied to measure the bank's exposure or

EAD amount relating to-

(i) only OTC derivative instruments;

(ii) only securities financing transactions; or

(iii) OTC derivative instruments and securities financing transactions,

irrespective of whether the said transactions, contracts or agreements are recorded in the reporting bank's banking book or trading book.

(iii) subject to the prior written approval of and such conditions as may be specified in writing by the Authority, use a combination of the aforementioned methods, provided that-

(A) the said approval of the Authority shall be granted only in exceptional cases and only during the initial implementation period of the internal model method;

(B) a bank that wishes to apply such a combination of methods shall together with its application to obtain the approval of the Authority to adopt the internal model method submit a plan to include all material counterparty exposures relating to a particular category of instruments or transactions in the said internal model method;

(C) in respect of all OTC derivative transactions and all long settlement transactions in respect of which the reporting bank has not obtained approval from the Authority to use the internal model method, the bank shall apply the standardised approach for counterparty credit risk.

(b) Irrespective of the method adopted by the reporting bank for the measurement of-

(i) the bank's exposure to counterparty credit risk, when the bank purchases credit derivative protection against a banking book exposure or against an exposure to counterparty credit risk, the bank shall in respect of the hedged exposure calculate its required amount of capital and reserve funds in accordance with the relevant requirements relating to credit derivative instruments specified in subregulations (9)(d), (12)(e), (12)(g), (14)(d) and (14)(f), that is, in accordance with the relevant substitution or double default requirements;

(ii) the bank's exposure to counterparty credit risk arising from OTC derivative instruments or securities financing transactions, the bank may adopt either of the methods envisaged in paragraph (a) above for the measurement of the bank's exposure or EAD arising from long settlement transactions, provided that-

(A) the bank shall continuously comply with the relevant requirements specified in these Regulations and such further requirements specified in writing by the Authority in respect of the selected method;

(B) notwithstanding the materiality of a long settlement transaction or position, in order to calculate the bank's required amount of capital and reserve funds relating to the said long settlement transaction or position, a bank that obtained the approval of the Authority to adopt the IRB approach for the measurement of the bank's exposure to credit risk may apply the risk weights specified in the standardised approach, in subregulation (8);

(iii) the bank's exposure to counterparty credit risk, the exposure amount or EAD relating to a particular counterparty shall be equal to the sum of the relevant exposure amounts or EADs calculated in respect of each relevant netting set relating to the said counterparty, provided that-

(A) for purposes of calculating the relevant amount of required capital and reserve funds for default risk in terms of the relevant requirements specified in this subregulation (15) read with the relevant requirements specified in subregulations (16) to (19), the relevant outstanding exposure or EAD amount shall be net of any incurred credit valuation adjustment (CVA) losses;

(B) unless specifically otherwise provided in this subregulation (15) read with the relevant requirements specified in subregulations (16) to (19), the relevant outstanding exposure or EAD amount for a given OTC derivative counterparty shall be the higher of-

(i) zero; or

(ii) the difference between the sum of all relevant exposure amounts or EADs across all relevant netting sets with the counterparty and the credit valuation adjustment (CVA) for that counterparty which has already been recognised by the bank as an incurred write-down or incurred CVA loss, which CVA loss shall be calculated without taking into account any offsetting debit valuation adjustments related to changes in the fair value of liabilities that are due to a change in the bank's own credit risk which have been deducted from capital, that is-

(aa) the incurred CVA loss deduced from the exposure to determine the outstanding exposure or EAD shall be the CVA loss gross of all relevant debit value adjustments related to changes in the fair value of liabilities that are due to a change in the bank's own credit risk which have been separately deducted from capital;

(bb) to the extent that the aforesaid debit value adjustments have not been separately deducted from the bank's capital, the incurred CVA loss used to determine the outstanding exposure or EAD shall be net of such debit value adjustments;

(C) the aforesaid reduction of exposure or EAD by incurred CVA losses shall not apply in the calculation of the relevant amount of required capital and reserve funds for CVA risk;

(iv) the bank's exposure to counterparty credit risk, a bank shall, in addition to any capital requirement for default risk related to counterparty credit risk, determine the relevant amount of required capital and reserve funds to cover risk related to mark-to-market losses on the bank's expected exposure to counterparty risk, which losses shall for purposes of these Regulations be referred to as CVA risk or CVA losses in respect of OTC derivatives, provided that-

(A) a bank, other than a bank that obtained the approval of the Authority for the use of the internal model method for the measurement of the bank's exposure to counterparty credit risk and the internal models approach for the measurement of specific risk as part of a bank's exposure to market risk, shall calculate-

(i) the relevant required amount of capital for default risk in accordance with the relevant requirements and formulae specified in this subregulation (15) read with the relevant requirements specified in subregulations (16) to (18);

(ii) the relevant additional required amount of capital for CVA risk in accordance with the relevant requirements and formula specified in paragraph (c) below;

(B) a bank that obtained the approval of the Authority for the use of the internal model method for the measurement of the bank's exposure to counterparty credit risk and the internal models approach for the measurement of specific risk as part of a bank's exposure to market risk, shall calculate the relevant additional required amount of capital for CVA risk in accordance with the relevant requirements and formula specified in subregulation (19)(h)(i) below, which approach shall be regarded as the advanced approach for the calculation of the relevant required amount of capital and reserve funds for CVA risk, capturing both general and specific credit spread risk, including stressed value-at-risk (VaR) but not incremental risk, and which formula shall form the basis of all relevant inputs into the bank's approved VaR model for bonds, that is, when the bank's approved VaR model is based on full repricing, the bank shall use the formula specified in subregulation (19)(h)(i) for its relevant calculations, provided that-

(i) all relevant VaR amounts shall be calculated in accordance with the relevant quantitative requirements specified in regulation 28(8) of these Regulations and shall be the sum of the non-stressed VaR component and the stressed VaR component, provided that when calculating-

(aa) the non-stressed VaR component, the bank shall use current parameter calibrations for expected exposure;

(bb) the stressed VaR component, the bank shall use future counterparty expected exposure (EE) profiles in accordance with the stressed exposure parameter calibrations specified in these Regulations, including the relevant requirements specified in regulation 39(12) of these Regulations, provided that the period of stress for the credit spread parameters shall be the most severe one-year stress period contained within the three-year stress period used for the bank's exposure parameters,

Provided that the three-times multiplier inherent in the calculation of VaR and stressed VaR shall also apply in respect of the aforesaid calculations;

(ii) when the bank's approved VaR model is based on credit spread sensitivities for specific tenors, the bank shall base each relevant credit spread sensitivity on the formula specified in subregulation (19)(h)(ii)(A);

(iii) when the bank's approved VaR model uses credit spread sensitivities to parallel shifts in credit spreads, which shall for purposes of these Regulations be referred to as regulatory CS01, the bank shall use the formula specified in subregulation (19)(h)(ii)(B);

(iv) when the bank's approved VaR model uses second-order sensitivities to shifts in credit spreads, that is, spread gamma, the gammas shall be calculated based on the formula specified in subregulation (19)(h)(i);

(v) a bank that obtained the approval of the Authority for the use of the internal model method for the majority of its business, but the bank uses the Standardised Approach for counterparty credit risk for certain smaller portfolios, and the bank also obtained the approval of the Authority for the use of the internal models approach for the measurement of specific risk as part of a bank's exposure to market risk, shall include these non-internal-model-method netting sets into the CVA risk capital requirements in accordance with the relevant requirements specified in subregulation (19)(h)(i), provided that-

(aa) the Authority may instruct the bank in writing to use the method envisaged in paragraph (c) below for the relevant portfolios specified in writing by the Authority;

(bb) any relevant non-internal-model-method netting set shall be included into the advanced CVA risk capital requirement assuming a constant EE profile, where EE shall be set equal to the EAD as calculated in terms of the Standardised Approach for counterparty credit risk for a maturity equal to the maximum of-

(i) half of the longest maturity occurring in the netting set; and

(ii) the notional weighted average maturity of all relevant transactions in the netting set,

(cc) when a bank's internal model does not produce an expected exposure profile, the bank shall in the calculation of the relevant required amount apply the same approach as set out in sub-item (bb) above;

(vi) when the bank's approved market risk VaR model does not appropriately reflect the risk of credit spread changes, because the bank's VaR model, for example, does not appropriately reflect the specific risk of debt instruments issued by a particular counterparty, the bank shall not use the advanced approach for CVA envisaged in subregulation (19)(h)(i) for those relevant exposures, and instead the bank shall determine the required amount of capital for CVA risk through the application of the standardised method specified in paragraph (c) below, that is, the bank shall include in its advanced approach calculations only those exposures to counterparties for which the bank obtained the approval of the Authority to apply its internal model in respect of specific risk for the relevant exposures arising from debt instruments;

(vii) the additional required amount of capital for CVA risk shall be a standalone market risk requirement, calculated on the set of CVAs envisaged in this item (B) read with the relevant requirements specified in subregulation (19)(h)(i), for all the relevant collateralised and uncollateralised OTC derivative counterparties, together with eligible CVA hedges, provided that, unless expressly otherwise provided in these Regulations, within the standalone required amount of capital for CVA risk, the bank shall not apply any offset against any other instrument on the bank's balance sheet;

(C) only hedges used by the bank to mitigate its exposure to CVA risk, and managed as such by the bank, shall be eligible for inclusion in the calculation of the bank's relevant required amount of capital and reserve funds for CVA risk, irrespective of whether the relevant required amount is calculated in terms of the standardised or VaR approach, provided that-

(i) the only hedges eligible for inclusion in the calculation of the bank's required amount of capital and reserve funds for CVA risk in terms of the standardised or VaR approach shall be single-name credit default swaps (CDSs), single-name contingent CDSs, other equivalent hedging instruments referencing the counterparty directly, and index CDSs, that is, counterparty risk hedges other than the instruments specified above shall be excluded from the calculation of the bank's relevant required amount of capital and reserve funds for CVA risk;

(ii) in the case of index CDSs-

(aa) the basis between any individual counterparty spread and the spreads of index CDS hedges shall in all relevant cases be reflected in the bank's VaR amount, even when a proxy is used for the spread of a counterparty, since idiosyncratic basis still needs to be reflected in such situations, provided that for all counterparties with no available spread, the bank shall use reasonable basis time series out of a representative bucket of similar names for which a spread is available;

(bb) when the envisaged basis is not reflected to the satisfaction of the Authority, the bank shall include in its relevant VaR amount only 50 per cent of the notional amount of the index hedge;

(iii) no tranched or nth-to-default CDS shall constitute an eligible CVA hedge;

(iv) any eligible hedge included in the relevant required amount of capital and reserve funds for CVA risk shall be removed from the bank's relevant calculation of required capital and reserve funds for market risk;

(v) when a CDS referencing an issuer is in the bank's inventory, and that issuer also happens to be an OTC counterparty but the CDS is not managed by the bank as a hedge of CVA risk, that CDS shall not be eligible to offset the CVA within the bank's relevant standalone VaR calculation of the required amount of capital and reserve funds for CVA risk;

(D) the bank shall exclude from the aforesaid additional required amount of capital and reserve funds for CVA risk-

(i) all relevant transactions with intragroup banks or other formally regulated intragroup financial entities that are subject to capital requirements similar or equivalent to these Regulations, which banks or entities are included in the consolidated amounts calculated in accordance with the relevant requirements specified in these Regulations in respect of consolidated supervision, provided that the Authority may in writing instruct a bank to include in its relevant calculations for CVA risk all such transactions with intragroup banks or other formally regulated intragroup financial entities as may be specified in writing by the Authority;

(ii) transactions with a central counterparty (CCP); and

(iii) securities financing transactions (SFT), provided that when SFT exposures are deemed by the Authority to be material, the Authority may in writing instruct a bank to include in its relevant calculations CVA loss exposures arising from SFT transactions;

(E) the bank shall calculate the relevant aggregate amount of required capital and reserve funds for counterparty credit risk and credit valuation adjustments in accordance with the relevant requirements specified in paragraph (d) below;

(v) the bank's exposure to counterparty credit risk arising from OTC derivative instruments or securities financing transactions, the bank shall calculate its relevant required amount of capital and reserve funds relating to any delivery-versus-payment transaction and any non-delivery-versus-payment or free-delivery transaction in accordance with the relevant requirements specified in subregulation (20) below;

(vi) the bank's exposure to counterparty credit risk, unless specifically otherwise provided in these Regulations, the bank may in respect of its exposure to counterparty credit risk apply an exposure value or EAD equal to zero-

(A) when the said exposure to counterparty credit risk relates to protection provided by the reporting bank in the form of a credit-default swap contract held in the bank's banking book, provided that the said contract-

(i) shall be treated in a manner similar to a guarantee provided by the reporting bank and in accordance with the relevant requirements specified in subregulations (9)(d), (12)(e) or (14)(d), as the case may be;

(ii) shall be subject to required capital and reserve funds in respect of the contract's full notional amount;

(B) when the said exposure to counterparty credit risk relates to purchased credit derivative protection and the reporting bank calculates its required amount of capital and reserve funds in respect of the hedged exposure in accordance with the relevant requirements specified in subparagraph (i) above;

(vii) the bank's exposure to counterparty credit risk, the bank shall comply with the relevant requirements specified in subregulation (17) below related to margin requirements for non-centrally cleared derivative instruments.

(c) Matters related to minimum required capital and reserve funds for CVA risk, calculated in terms of the standardised approach

(i) A bank, other than a bank that obtained the approval of the Authority for the use of the internal model method for the measurement of the bank's exposure to counterparty credit risk and the internal models approach for the measurement of specific risk as part of the bank's exposure to market risk, shall calculate the relevant additional required amount of capital and reserve funds on a portfolio basis, in accordance with the formula specified below:

$$K = 2.33 * \sqrt{h} * \sqrt{(A - B)^2 + C}$$

where:

$$A = \sum_i 0.5 * w_i * (M_i * EAD_i^{total} - M_i^{hedge} B_i)$$

$$B = \sum_{ind} w_{ind} * M_{ind} * B_{ind}$$

$$C = \sum_i 0.75 * w_i^2 * (M_i * EAD_i^{total} - M_i^{hedge} B_i)^2$$

h is the one-year risk horizon, in units of a year, h = 1.

w_i is the weight applicable to counterparty 'i', provided that-

(i) based on its external rating, counterparty 'i' shall be mapped to one of the seven weights specified in table 16 below:

Table 16

Rating[1]	**Weight w_i**
AAA	0.7%
AA	0.7%
A	0.8%
BBB	1.0%

BB	2.0%
B	3.0%
CCC	10.0%

1. The notations used in this table relate to the ratings used by a particular credit assessment institution. The use of the rating scale of a particular credit assessment institution does not mean that any preference is given to a particular credit assessment institution. The assessments/ rating scales of other external credit assessment institutions recognised as eligible institutions in South Africa, may have been used instead.

(ii) subject to the prior written approval of and such conditions as may be specified in writing by the Authority, when a counterparty does not have an external rating, the bank shall map the relevant internal rating of the counterparty to one of the relevant external ratings specified above

EAD_i^{total} is the exposure at default of counterparty 'i', aggregated across all relevant netting sets, including the effect of any relevant collateral in accordance with the relevant requirements specified in these Regulations for the Standardised Approach for counterparty credit risk or the Internal Model Method, provided that in the case of-

(i) a bank other than a bank that obtained the approval of the Authority to adopt the Internal Model Method for the measurement of the bank's exposure to counterparty risk, the bank shall apply the following discounting factor to the exposure:

$(1 - \exp(-0.05*M_i))/(0.05*M_i)$;

(ii) a bank that obtained the approval of the Authority to adopt the Internal Model Method for the measurement of the bank's exposure to counterparty risk, the relevant discount factor is already included in M_i, and no further discount shall be applied

B_i is the notional amount of purchased single name CDS hedges, which notional amounts shall be aggregated in the case of more than one position referencing counterparty 'i', and used to hedge the bank's exposure to CVA risk, provided that the bank shall apply the following discounting factor to the relevant notional amount:

$(1 - \exp(-0.05*M_i^{hedge}))/(0.05* M_i^{hedge})$

B_{ind} is the full notional amount of one or more index CDS of purchased protection, used to hedge the bank's exposure to CVA risk, provided that the bank shall apply the following discounting factor to the relevant notional amount:

$(1 - \exp(-0.05*M_{ind}))/(0.05* M_{ind})$

w_{ind} is the relevant weight applicable to index hedges, provided that the bank shall map indices to one of the seven weights (w_i) specified in table 16 above, based on the average spread of index 'ind'

M_i is the effective maturity of the relevant transactions with counterparty 'i', provided that-

(i) in the case of a bank other than a bank that obtained the approval of the Authority to adopt the Internal Model Method for the measurement of the bank's exposure to counterparty risk, M_i shall be the notional weighted average maturity as envisaged in regulation 23(13)(d)(ii)(B)(iii) of these Regulations, provided that M_i shall for purposes of this calculation not be capped at 5 years;

(ii) a bank that obtained the approval of the Authority to adopt the Internal Model Method for the measurement of the bank's exposure to counterparty risk shall calculate M_i in accordance with the relevant requirements specified in subregulation (19)(c)

M_i^{hedge} is the maturity of the hedge instrument with notional B_i, provided that in the case of several positions the bank shall aggregate the relevant quantities $M_i^{hedge} \cdot B_i$

M_{ind} is the maturity of the index hedge 'ind', provided that in the case of more than one index hedge position, it shall be the relevant notional weighted average maturity

Provided that, subject to the prior written approval of and such conditions as may be specified in writing by the Authority, when a counterparty is also a constituent of an index on which a CDS is used to hedge the bank's exposure to counterparty credit risk, the notional amount attributable to that relevant single name, as per its reference entity weight, may be subtracted from the relevant index CDS notional amount and treated as a single name hedge (Bi) of the individual counterparty with maturity based on the maturity of the index.

(d) *Matters related to the calculation of the aggregate amount of required capital and reserve funds for counterparty credit risk and credit valuation adjustments*

The aggregate amount of required capital and reserve funds related to a bank's exposure to counterparty credit risk and CVA risk, that is, default risk and the risk of mark-to-market losses in respect of specified exposures, shall in the case of-

(i) a bank that obtained the approval of the Authority for the use of the internal model method for the measurement of the bank's exposure to counterparty credit risk and the internal models approach for the measurement of specific risk as part of a bank's exposure to market risk, be equal to the sum of-

(A) the higher of the relevant required amount of capital and reserve funds for default risk calculated in terms of the internal model method based on-

(i) current parameter calibrations for EAD; or

(ii) stressed parameter calibrations for EAD,

Provided that when a bank that obtained the approval of the Authority for the use of the IRB approach can demonstrate to the satisfaction of the Authority that in its VaR calculations made in terms of the relevant requirements specified in subregulation (19)(h)(i), the relevant specific VaR model incorporates the effects of rating migrations, the bank shall calculate the risk weights applied to its relevant OTC derivative exposures with the full maturity adjustment as a function of PD and M set equal to 1, provided that when the bank is unable to demonstrate the aforesaid to the satisfaction of the Authority, the bank shall apply the full maturity adjustment function, through the application of the formula specified below:

(1 – 1.5 x b)^-1 × (1 + (M – 2.5) × b)

where:

M is the effective maturity; and

b is the maturity adjustment as a function of the PD,

as envisaged in subregulation (11)(d)(ii) read with the relevant requirements specified in subregulation (13)(d)(ii)(B)

and

(B) the relevant amount of required capital and reserve funds for CVA risk calculated in accordance with the relevant requirements specified in paragraph (b)(iv) above read with the relevant requirements specified in subregulation (19)(h) below;

(ii) a bank that obtained the approval of the Authority for the use of the internal model method for the measurement of the bank's exposure to counterparty credit risk, but not for the use of the internal models approach for the measurement of specific risk as part of a bank's exposure to market risk, be equal to the sum of-

(A) the higher of the relevant required amount of capital and reserve funds for default risk calculated in terms of the internal model method based on-

(i) current parameter calibrations for EAD; or

(ii) stressed parameter calibrations for EAD,

and

(B) the relevant amount of required capital and reserve funds for CVA risk calculated in accordance with the standardised approach specified in paragraph (c) above;

(iii) all banks other than the banks envisaged in subparagraphs (i) and (ii) above, be equal to the sum of-

(A) the relevant aggregate required amount for default risk calculated in accordance with the relevant requirements related to the said standardised approach for counterparty credit risk, for all relevant counterparties and instruments; and

(B) the relevant amount of required capital and reserve funds for CVA risk calculated in accordance with the standardised approach specified in paragraph (c) above.";

(j) by the substitution for subregulation (16) of the following subregulation:

"(16) *Exposure to central counterparties and matters related thereto*

(a) A bank shall calculate its relevant exposure to central counterparties arising from any OTC derivative instrument, exchange-traded derivative instrument, securities financing transaction or long settlement transaction, and the bank's related required amount of capital and reserve funds, in accordance with the relevant requirements specified in this subregulation (16), provided that-

(i) any relevant exposure arising from the settlement of cash transactions in respect of equities, fixed income, spot FX or spot commodities shall be calculated in accordance with the relevant requirements specified in subregulation (20) below, provided that in the case of any contributions to prepaid default funds covering settlement-risk-only products, the bank shall apply a risk weight of zero per cent;

(ii) when the clearing member-to-client leg of any relevant exchange-traded derivative transaction is conducted in terms of a bilateral agreement, both the client bank and the relevant clearing member shall calculate the relevant exposure amount and the required amount of capital and reserve funds in accordance with the relevant requirements related to an OTC derivative instrument, for which purposes the provisions of paragraph (b)(ii) below shall *mutatis mutandis* apply;

(iii) the provisions of subparagraph (ii) above shall apply *mutatis mutandis* to any relevant transaction between lower level clients and higher level clients in the case of any multi-level client structure;

(iv) the bank shall ensure that it continuously maintains sufficient capital and reserve funds for all relevant exposures related to counterparty credit risk, including in respect of any relevant exposure to a qualifying central counterparty, that is, the bank shall, for example, consider whether it needs to maintain capital in excess of the minimum required amount of capital and reserve funds specified in terms of the provisions of these Regulations when the bank's relevant transactions with a central counterparty give rise to more risky exposures than what is provided for or envisaged in these Regulations, or when the bank is uncertain whether or not the relevant counterparty is or may indeed be regarded as a qualifying central counterparty;

(v) when the bank acts as a clearing member, the bank shall continously assess through appropriate scenario analysis and stress testing whether the level of capital and reserve funds maintained against the bank's exposures to a central counterparty adequately addresses the risks inherent in the relevant transactions, which assessment shall, for example, include all relevant potential future exposure or contingent exposure resulting from future drawings on default fund commitments, and/or from secondary commitments to take over or replace offsetting transactions from clients of another clearing member when that clearing member defaults or becomes insolvent;

(vi) the bank shall on a regular basis monitor and report to its senior management and the appropriate committee of the bank's board of directors, all relevant exposures to central counterparties, including all relevant exposures arising from trading through a central counterparty and exposures arising from central counterparty membership obligations, such as default fund contributions;

(vii) when the bank clears derivative instruments, securities financing transactions or long settlement transactions through a qualifying central counterparty, the bank shall calculate its relevant exposure amount and the related required amount of capital and reserve funds in accordance with the relevant requirements specified in paragraph (b) below, provided that-

(A) subject to the prior written approval of and such conditions as may be specified in writing by the Authority, when a central counterparty no longer complies with the relevant requirements related to a qualifying central counterparty, the bank may continue to treat all relevant transactions with that counterparty in accordance with the relevant requirements specified in paragraph (b) below, for a maximum period of up to three months following the date on which that counterparty no longer complies with the said requirements, whereafter the bank shall calculate its relevant exposure amount and the related required amount of capital and reserve funds in accordance with the relevant requirements specified in paragraph (c) below;

(B) when the sum of the bank's relevant capital requirements in respect of exposures to a qualifying central counterparty related to its relevant trade exposures and default fund contributions is higher than the total capital requirement that would apply to those same exposures if the central counterparty was a non-qualifying central counterparty, the bank shall maintain the latter required amount of capital and reserve funds in respect of its relevant exposures, that is, the total capital requirement in respect of all relevant exposures to a qualifying central counterparty shall not exceed the total capital requirement for the same exposures if the central counterparty was a non-qualifying central counterparty;

(viii) when the bank clears derivative instruments, securities financing transactions or long settlement transactions through a non-qualifying central counterparty, the bank shall calculate its relevant exposure amount and the related required amount of capital and reserve funds in accordance with the relevant requirements specified in paragraph (c) below.

(b) *Exposures to qualifying central counterparties*

(i) *Clearing member trade exposures to qualifying central counterparties*

Subject to the provisions of subparagraph (v) below, when a bank acts as a clearing member of a qualifying central counterparty for its own purposes, the bank shall in respect of all relevant OTC derivative transactions, exchange traded derivative transactions, securities financing transactions and long-settlement transactions apply a risk weight of 2 per cent to the bank's relevant trade exposure to the qualifying central counterparty, provided that-

(A) when the said bank acting as a clearing member offers clearing services to clients, the 2 per cent risk weight shall also apply to the clearing member's trade exposure to the qualifying central counterparty that arises when the clearing member is obligated to reimburse the client for any losses suffered due to changes in the value of its transactions in the event that the qualifying central counterparty defaults, provided that the bank shall determine the risk weight to be applied to any collateral posted by the bank to the relevant qualifying central counterparty in accordance with the relevant requirements specified in subparagraph (v) below;

(B) the bank shall calculate the relevant exposure amount for such trade exposure in accordance with the relevant requirements related to the standardised approach or the internal model method for exposure to counterparty credit risk, respectively specified in subregulations (18) and (19) below, as the case may be, read with the relevant requirements specified in subregulation (9) in respect of collateralised exposure, provided that-

(i) in all relevant cases, when the bank wishes to calculate the relevant exposure amount for any relevant trade exposure in accordance with the internal model method, the bank shall apply to the Authority to obtain the Authority's prior written approval to extend the scope of the internal model method to include centrally cleared products, that is, even when the bank obtained the prior written approval of the Authority to include non-centrally cleared products, the bank shall not extend the scope of the internal model method to include centrally cleared products without the explicit prior written approval of the Authority;

(ii) in the case of a bank that obtained the approval of the Authority to adopt the internal model method, the relevant specified 20-day floor for the margin period of risk, related to the number of transactions, shall not apply, provided that the relevant netting set does not contain illiquid collateral or exotic trades, and there are no disputed trades;

(iii) in all relevant cases the bank shall apply a minimum margin period of risk of 10 days for the calculation of trade exposures to central counterparties in respect of OTC derivative transactions or instruments;

(iv) when a central counterparty retains variation margin against certain trades, such as, for example, when a central counterparty collects and holds variation margin against positions in exchange-traded or OTC forwards, and the member collateral is not protected against the insolvency of the central counterparty, the minimum time risk horizon applied to the bank's relevant trade exposures on those trades shall be the lesser of one year and the remaining maturity of the transaction, subject to a floor of 10 business days;

(C) when settlement is legally enforceable on a net basis in an event of default, regardless of whether the counterparty is insolvent or bankrupt, the bank may calculate the relevant total replacement cost of all contracts relevant to the trade exposure determination on a net replacement cost basis, provided that the relevant close-out netting sets-

(i) shall in the case of all relevant repo-style transactions comply with all the relevant requirements specified in subregulation (9)(b)(xvi);

(ii) shall in the case of all relevant transactions in derivative instruments comply with all the relevant requirements specified in subregulation (18);

shall in all relevant cases related to cross-product netting comply with all the relevant requirements specified in subregulation (19)(d):

Provided that when a bank is unable to demonstrate to the satisfaction of the Authority that all relevant netting agreements duly comply with the aforesaid requirements, the bank shall regard each relevant single transaction as a netting set of its own for purposes of calculating its relevant trade exposure amount.

(ii) *Clearing member trade exposures to clients*

Without derogating from the provisions of subparagraph (v) below, a bank that acts as a clearing member shall in all relevant cases calculate its relevant exposures, including any potential CVA risk exposure, to clients as bilateral trades, irrespective of whether the clearing member guarantees the trade or acts as an intermediary between the client and the relevant qualifying central counterparty, provided that-

(A) in order to recognise the shorter close-out period for cleared client transactions, a bank that acts as a clearing member and that adopted either the standardised approach or the internal model method for the measurement of the bank's exposure to counterparty credit risk may calculate its relevant exposure amount to clients and the related required amount of capital and reserve funds by applying a margin period of risk of no less than 5 days, provided that the bank shall also use the resultant reduced EAD amount for the calculation of any relevant capital requirement for CVA risk in terms of the standardised or advanced approach or method;

(B) when a bank that acts as a clearing member collects collateral from a client in respect of client cleared trades and that collateral is passed on to the relevant central counterparty, the bank may recognise that collateral for both the central counterparty clearing member leg and the clearing member-client leg of the relevant client cleared trade.

Therefore, the initial margin posted by clients to their clearing member mitigates the exposure the clearing member has against these clients. The same treatment shall apply in a similar manner to multi-level client structures, between a higher level client and a lower level client.

(iii) *Client trade exposures: clearing member acting as a financial intermediary*

When a bank is a client of a clearing member, and the bank enters into a transaction with the said clearing member acting as a financial intermediary, that is, the clearing member completes an offsetting transaction with a qualifying central counterparty, the bank's exposures to the clearing member may be calculated in accordance with the relevant requirements specified in subparagraph (i) above, provided that-

(A) the relevant qualifying central counterparty shall identify the relevant offsetting transactions as client transactions and the qualifying central counterparty and/or the clearing member, as the case may be, shall hold collateral to support the relevant transactions, in a manner that prevents any losses to the client due to-

(i) the default or insolvency of the clearing member;

(ii) the default or insolvency of the clearing member's other clients; and

(iii) the joint default or insolvency of the clearing member and any of its other clients.

That is, upon the insolvency of the clearing member, there shall be no legal impediment, other than the need to obtain a court order to which the client is entitled, to the transfer of the collateral belonging to the clients of a defaulting clearing member to the qualifying central counterparty, to one or more other surviving clearing members or to the client or the client's nominee.

(B) the relevant bank or client shall have conducted a robust legal review, and shall undertake such further review(s) as may be necessary to ensure continued enforceability, and have a well-founded legally enforceable basis to conclude that, in the event of legal challenge, the relevant courts and administrative authorities would find that the aforesaid arrangements are legal, valid, binding and enforceable in terms of all the relevant laws of all the relevant jurisdictions;

(C) relevant laws, regulation, rules, contractual, or administrative arrangements shall provide that the offsetting transactions with the defaulted or insolvent clearing member are highly likely to continue to be indirectly transacted through the relevant qualifying central counterparty, or by the qualifying central counterparty, if the clearing member defaults or becomes insolvent, and in which case the client positions and collateral with the relevant qualifying central counterparty shall be transferred at market value, unless the client requests to close out the position at market value;

(D) when all the relevant conditions and requirements specified in the preceding items (A) to (C) of this subparagraph (iii) are met, except that the relevant client is not protected from losses in the case that the clearing member and another client of the clearing member jointly default or become jointly insolvent, a risk weight of 4 per cent shall apply in respect of the relevant client exposure to the clearing member, or to the relevant higher level client exposure in a multi-level client structure, respectively;

(E) when the bank is a client of the clearing member and the conditions and requirements envisaged in items (A) to (D) hereinbefore are not met, the bank shall calculate all relevant exposures and the related required amount of capital and reserve funds, including any relevant CVA risk exposure, to the relevant clearing member on a bilateral trade basis;

(F) when all the relevant conditions and requirements specified in the preceding items (A) to (C) of this subparagraph (iii) are met in respect of all the relevant client exposures of lower level clients to higher level clients in a multi-level client structure, that is, in respect of all the relevant client levels in-between, the provisions of subparagraph (i) above may be applied to the relevant exposures of all the said client levels in-between.

(iv) *Client trade exposures: clearing member guaranteeing performance*

When a bank that is a client of a clearing member enters into a transaction with a qualifying central counterparty, and the clearing member guarantees the bank's performance, the bank's exposures to the qualifying central counterparty may be calculated in accordance with the relevant requirements specified in subparagraph (i) above, provided that-

(A) the relevant qualifying central counterparty shall identify the relevant offsetting transactions as client transactions and the qualifying central counterparty and/or the clearing member, as the case may be, shall hold collateral to support the relevant transactions, in a manner that prevents any losses to the client due to-

(i) the default or insolvency of the clearing member;

(ii) the default or insolvency of the clearing member's other clients; and

(iii) the joint default or insolvency of the clearing member and any of its other clients.

That is, upon the insolvency of the clearing member, there shall be no legal impediment, other than the need to obtain a court order to which the client is entitled, to the transfer of the collateral belonging to the clients of a defaulting clearing member to the qualifying central counterparty, to one or more other surviving clearing members or to the client or the client's nominee.

(B) the relevant bank or client shall have conducted a robust legal review, and shall undertake such further review(s) as may be necessary to ensure continued enforceability, and have a well-founded legally enforceable basis to conclude that, in the event of legal challenge, the relevant courts and administrative authorities would find that the aforesaid arrangements are legal, valid, binding and enforceable in terms of all the relevant laws of all the relevant jurisdictions;

(C) relevant laws, regulation, rules, contractual, or administrative arrangements shall provide that the offsetting transactions with the defaulted or insolvent clearing member are highly likely to continue to be indirectly transacted through the relevant qualifying central counterparty, or by the qualifying central counterparty, if the clearing member defaults or becomes insolvent, and in which case the client positions and collateral with the relevant qualifying central counterparty shall be transferred at market value, unless the client requests to close out the position at market value;

(D) when all the relevant conditions and requirements specified in the preceding items (A) to (C) of this subparagraph (iv) are met, except that the relevant client is not protected from losses in the case that the clearing member and another client of the clearing member jointly default or become jointly insolvent, a risk weight of 4 per cent shall apply to the relevant client exposure to the clearing member, or to the relevant higher level client exposure in a multi-level client structure, respectively;

(E) when the bank is a client of the clearing member and the conditions and requirements envisaged in items (A) to (D) hereinbefore are not met, the bank shall calculate all relevant exposures and the related required amount of capital and reserve funds, including any relevant CVA risk exposure, to the relevant clearing member on a bilateral trade basis.

(v) *Matters related to posted collateral*

In all relevant cases, any asset or collateral posted or provided shall, from the perspective of the bank posting or providing such collateral, be assigned the relevant risk weight that otherwise applies to such asset or collateral in terms of the relevant provisions or requirements specified in these Regulations, regardless of the fact that such asset has been posted or provided as collateral, that is, all collateral posted shall be subject to the relevant requirements specified in these Regulations related to banking book or trading book positions, as the case may be, as if the collateral had not been posted to the relevant central counterparty, provided that-

(A) in addition, the said collateral shall be subject to the relevant requirements specified in these Regulations related to counterparty credit risk exposures, irrespective of whether such collateral is held in the bank's banking book or trading book;

(B) when an asset or collateral of a clearing member or client is posted with or provided to a qualifying central counterparty or a clearing member, and the asset or collateral so posted or provided is not held in a bankruptcy remote manner, the bank posting or providing such asset or collateral shall also recognise the related credit risk exposure, based upon the asset or collateral being exposed to a risk of loss that is based on the creditworthiness of the entity or person holding such asset or collateral, provided that-

(i) when the entity or person holding such asset or collateral is the qualifying central counterparty, a risk weight of 2 per cent shall apply to collateral included in the definition of trade exposure; and

(ii) the relevant risk weight of the qualifying central counterparty shall apply to assets or collateral posted or provided for any purpose other than the situation provided for in the aforesaid sub-item (i) above;

(C) a bank that adopted-

(i) the standardised approach for the measurement of its exposure to counterparty credit risk shall account for collateral posted not held in a bankruptcy remote manner in the relevant NICA term, in accordance with the relevant requirements specified in subregulation (18) below;

(ii) the internal model method for the measurement of its exposure to counterparty credit risk shall apply the relevant specified alpha multiplier envisaged in subregulation (19) below to the relevant exposure related to the posted collateral;

(D) all relevant collateral posted or provided by a clearing member, including cash, securities, other pledged assets, and excess initial or variation margin, which is often being referred to as overcollateralisation, that is held by a custodian, and is bankruptcy remote from the relevant qualifying central counterparty, shall not be subject to a capital requirement for counterparty credit risk exposure to such bankruptcy remote custodian, that is, the related risk weight or EAD shall be equal to zero, provided that for purposes of this item (D), custodian includes a trustee, agent, pledgee, secured creditor or any other person that holds property in a manner that does not give such person a beneficial interest in such property and will not result in such property being subject to legally-enforceable claims by such person's creditors, or to a court-ordered stay of the return of such property, should such a person become insolvent or bankrupt;

(E) in relation to collateral that is posted by a client and held by a custodian, and is bankruptcy remote from the relevant qualifying central counterparty, the clearing member and other clients shall not be subject to a capital requirement for counterparty credit risk, provided that when the collateral is held at the qualifying central counterparty on a client's behalf and is not held on a bankruptcy remote basis-

(i) a risk weight of 2 per cent shall apply to that collateral only when all the relevant conditions and requirements envisaged in paragraphs (b)(iii)(A) to (b)(iii)(C) above are met;

(ii) a risk weight of 4 per cent shall apply to that collateral when the relevant conditions envisaged in paragraph (b)(iii)(D) apply;

(vi) *Matters related to default fund exposures*

When a default fund is shared between products or types of business with settlement risk only, such as, for example, equities and bonds, and products or types of business which give rise to counterparty credit risk, such as, for example, OTC derivative instruments, exchange-traded derivative instruments, securities financing transactions or long settlement transactions, the risk weight determined in accordance with the relevant formulae and methodology specified in subparagraph (vii) below shall be assigned to the relevant aggregate amount of all of the said default fund contributions, without any apportionment to the different classes or types of business or products, provided that-

(A) when the default fund contributions from clearing members are segregated by product types and are only accessible for specific product types, the relevant capital requirements for those default fund exposures shall be determined for each relevant product giving rise to counterparty credit risk, in accordance with the formulae and methodology specified in subparagraph (vii) below;

(B) when the relevant qualifying central counterparty's prefunded own resources are shared among product types, the qualifying central counterparty shall allocate those funds to each of the relevant calculations, in proportion to the respective product-specific exposure or EAD amount;

(C) when a bank acting as a clearing member is required to calculate a required amount of capital and reserve funds related to exposures arising from default fund contributions to a qualifying central counterparty, the bank shall calculate the said required amount of capital and reserve funds in accordance with the formulae and methodology set out in subparagraph (vii) below.

(vii) *Formulae and methodology to be applied in respect of default fund exposures*

(A) Based on the risk sensitive formulae specified in items (B) and (C) below, that consider-

(i) the size and quality of a qualifying central counterparty's financial resources;

(ii) the counterparty credit risk exposures of such qualifying central counterparty; and

(iii) the application of such financial resources via the qualifying central counterparty's loss bearing waterfall, in the case of one or more clearing member defaults,

a bank that acts as a clearing member shall apply the relevant specified risk weight for its default fund contributions, provided that, in this regard, the bank's risk sensitive capital requirement for its default fund contribution, denoted by K_{CMi}, shall be calculated in accordance with the formulae and methodology specified in items (B) and (C) below, which calculations-

(aa) may also be performed by a qualifying central counterparty, supervisor or any other person with access to the relevant required data;

(bb) shall be made only when the relevant conditions and requirements specified in item (D) below, are met.

(B) Any relevant person that wishes to calculate the relevant required amount of capital and reserve funds and the related risk weight envisaged in this subparagraph (vii) shall firstly calculate the hypothetical capital requirement of the qualifying central counterparty due to its counterparty credit risk exposures to all of its relevant clearing members and their clients, through the application of the formula specified below, provided that-

(i) the holding periods related to securities financing transactions specified in subregulation (9)(b)(xiv) and those for derivative instruments specified in subregulation (19)(e) shall apply even if more than 5000 trades are within one netting set, that is, the higher specified supervisory floor for more than 5000 trades shall not apply in this case;

(ii) the netting sets that apply to regulated clearing members shall be the same as those envisaged in paragraph (b)(i)(C) above, provided that, for all other clearing members, the netting rules specified by the relevant qualifying central counterparty based upon notification of each of its clearing members, or such requirements related to netting sets as may be specified in writing by the Authority, shall apply

$$K_{CCP} = \sum_{CM\ i} EAD_i \cdot RW \cdot capital\ ratio$$

where:

K_{CCP}	is the hypothetical capital requirement for a qualifying central counterparty, calculated for the sole purpose of determining the capitalisation of clearing member default fund contributions, that is, K_{CCP} does not represent the actual capital requirements for a qualifying central counterparty, which may be determined separately by the relevant qualifying central counterparty and/or its relevant supervisor
RW	is a minimum risk weight of 20 per cent, or such a higher risk weight as may be specified in writing by the Authority, for example, when the clearing members related to a qualifying central counterparty are not highly rated
Capital ratio	shall be 8 per cent
EAD_i	is the relevant exposure amount of the qualifying central counterparty to clearing member 'i', including both the clearing member's own transactions and client transactions guaranteed by the clearing member, and all relevant amounts

of collateral held by the central counterparty, including the clearing member's prefunded default fund contribution, against the relevant transactions, in respect of the valuation at the end of the relevant regulatory reporting date, before the margin called on the final margin call of that day is exchanged:

Provided that-

(i) when clearing members provide client clearing services, and client transactions and collateral are held in individual or omnibus separate sub-accounts to the clearing member's proprietary business, each such client sub-account shall be included in the sum separately, that is-

(aa) in order to ensure that client collateral cannot offset the central counterparty's exposures to clearing members' proprietary activity in the calculation of K_{CCP}, the member EAD in the aforesaid formula shall be the sum of the client sub-account EADs and any relevant house sub-account EAD;

(bb) when any sub-account contains both derivatives and securities financing transactions, the EAD of that sub-account shall be the sum of the derivative EAD and the securities financing transactions EAD;

(ii) when collateral is held against an account containing both securities financing transactions and derivative transactions, the prefunded initial margin provided by the member or client shall be allocated to the relevant securities financing transactions and derivatives exposures, in proportion to the respective product-specific EADs, calculated in accordance with the relevant requirements specified in subregulations (8) and (9) for securities financing transactions and the standardised approach for the measurement of the bank's exposure to counterparty credit risk specified in subregulation (18), without including the effect of any collateral, for derivative instruments;

(iii) when the default fund contributions of the member, denoted by DF_i in the relevant formulae, are not split with regard to client and house sub-accounts, the said contributions shall be allocated per sub-account according to the respective fraction the initial margin of that sub-account has in relation to the total initial margin posted by or for the account of the relevant clearing member;

(iv) in the case of derivative instruments-

(aa) EAD_i shall be calculated as the bilateral trade exposure the relevant central counterparty has against the relevant clearing member, calculated in accordance with the relevant requirements specified in subregulation (18) below, applying a margin period of risk of 10 days to calculate the central counterparty's potential future exposure to its clearing member;

(bb) all collateral held by the relevant central counterparty to which that central counterparty has a legally enforceable claim in the event of the default of the relevant member or client, including any relevant default fund contributions of that member, denoted by DF_i in the relevant formulae, shall be used to offset the central counterparty's exposure to that member or client, through inclusion in the relevant PFE multiplier, as set out in subregulation (18) below;

(v) in the case of securities financing transactions, EAD shall be equal to-

$\max(EBRM_i - IM_i - DF_i; 0)$,

where:

$EBRM_i$	is the exposure value to clearing member 'i' before the application of any risk mitigation in terms of the relevant provisions of subregulation (9)(b), and where, for purposes of this calculation, variation margin that has been exchanged, before the margin called on the final margin call of that day, enters into the mark-to-market value of the relevant transactions
IM_i	is the relevant initial margin collateral posted by the relevant clearing member with the qualifying central counterparty
DF_i	is the relevant prefunded default fund contribution by the relevant clearing member that will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce the qualifying central counterparty loss

Provided that any haircuts to be applied in respect of the relevant securities financing transactions shall be the relevant standardised haircuts specified in subregulation (9)(b)(xi).

Σ	means the relevant sum in respect of all the relevant clearing member accounts

(C) Following the first-step calculation envisaged in item (B) above, the capital requirement for each relevant clearing member shall be calculated through the application of the formula specified below, which formula effectively imposes a floor of 2 per cent on the risk weight for the default fund exposure:

$$K_{CM_i} = \max\left(K_{CCP} \cdot \left(\frac{DF_i^{pref}}{DF_{CCP} + DF_{CM}^{pref}}\right); 8\% * 2\% * DF_i^{pref}\right)$$

where:

K_{CMi}	is the capital requirement on the default fund contribution of member i
DF_{CM}^{pref}	is the total prefunded default fund contributions from clearing members
DF_{CCP}	is the central counterparty's prefunded own resources, such as, for example, contributed capital and retained earnings, which are contributed to the default waterfall, where these rank junior to or *pari passu* with prefunded member contributions
DF_i^{pref}	is the prefunded default fund contributions provided by clearing member i

(D) In all cases, any relevant central counterparty, bank, supervisor or other person with access to the relevant required data shall calculate K_{CCP}, DF_{CM}^{pref} and DF_{CCP}

in accordance with the relevant requirements specified hereinbefore, and shall make available sufficient information related to the said calculations-

(i) to allow the Authority or any relevant supervisor of the qualifying central counterparty to appropriately oversee the said calculations;

(ii) to permit each relevant clearing member to calculate its capital requirement for the default fund; and

(iii) for the relevant supervisor of such clearing member to review and confirm the required calculations,

provided that, as a minimum-

(aa) K_{CCP} shall be calculated on a quarterly basis, or on such a more frequent basis as may be specified in writing by the Authority;

(bb) whichever person makes the aforesaid calculations shall, whenever required or requested, make available to the relevant supervisor of any relevant bank clearing member sufficient aggregate information regarding the composition of the qualifying central counterparty's exposures to the clearing members, and information provided to the clearing member for the purposes of the calculation of K_{CCP}, DF_{CM}^{pref} and DF_{CCP};

(cc) the aforesaid relevant required information shall be made available to the relevant supervisor on a sufficiently frequent basis to allow the supervisor to duly monitor the risks incurred by the relevant clearing member(s);

(dd) K_{CCP} and K_{CMi} shall be recalculated at least quarterly, or whenever material changes occur in respect of, for example, the number or exposure of cleared transactions, or the financial resources of the relevant qualifying central counterparty.

(c) Exposures to non-qualifying central counterparties

(i) Trade exposures

Based on the relevant type or category of counterparty credit exposure, a bank shall apply the relevant requirements specified in these Regulations related to the standardised approach for credit risk in respect of the bank's trade exposure to a non-qualifying central counterparty to calculate the relevant required credit exposure amount and the related required amount of capital and reserve funds;

(ii) Default fund contributions

A bank shall apply a risk weight of 1250 per cent in respect of the bank's default fund contributions to a non-qualifying central counterparty, which default fund contributions shall for purposes of this paragraph (c) include both the funded and the unfunded contributions to be paid when required by the relevant central counterparty, provided that in respect of any liability for unfunded contributions, that is, any relevant unlimited binding commitment, the Authority shall specify in writing the relevant amount of unfunded commitment to which the bank shall apply the aforesaid risk weight of 1250 per cent.";

(k) by the substitution for subregulation (17) of the following subregulation:

"(17) *Margin requirements for non-centrally cleared derivative instruments and matters related thereto*

In order to mitigate the potential systemic risk that may arise from and to promote effective and sound risk management in respect of a bank's transactions in non-standardised non-centrally cleared derivative instruments a bank shall-

(a) calculate and exchange-

(i) initial margin;

and

(ii) variation margin,

in accordance with such requirements as may be specified from time to time in a Joint Standard or Prudential Standard issued in terms of the Financial Sector Regulation Act, 2017;

(b) have in place robust processes, procedures and board-approved policies in respect of the bank's derivatives transactions that are not cleared through a central counterparty.";

(l) by the substitution for subregulation (18) of the following subregulation:

"(18) *Calculation of counterparty credit exposure or EAD in terms of the standardised approach*

(a) *Matters relating to the exposure amount or EAD*

A bank that adopted the standardised approach for the measurement of the bank's exposure to counterparty credit risk-

(i) shall calculate its relevant exposure to counterparty credit risk or the relevant EAD amount in respect of each relevant netting set through the application of the formula specified below:

The exposure amount or EAD shall be equal to-

alpha * (RC + PFE)

where:

alpha is equal to 1.4

RC is the relevant replacement cost, calculated in accordance with the relevant requirements specified in subparagraph (ii) below

PFE is the relevant potential future exposure amount, calculated in accordance with the relevant requirements specified in subparagraph (iii) below

(ii) shall calculate the relevant replacement cost component of the formula specified in subparagraph (i) above in accordance with the requirements specified in this subparagraph (ii), provided that-

(A) the bank shall calculate the replacement cost amount at the level of each relevant netting set, provided that-

(i) when the bank owes the relevant counterparty money, the bank has no replacement cost, since the bank will be able to instantly replace its trades and sell collateral at current market prices without any loss or cost to the bank in the case that the counterparty defaults;

(ii) the relevant replacement cost shall in no case be less than zero;

(iii) when the bank enters into multiple margin agreements that apply to a single netting set, the bank shall divide the netting set into sub-netting sets that align with their respective margin agreement;

(iv) when the bank holds excess collateral, even in the absence of a margin agreement, or the bank has out-of-the-money trades that can further protect the bank from an increase in its relevant counterparty exposure, the bank may reduce the relevant potential future exposure add-on amount with such over-collateralisation or negative mark-to market value, but the said over-collateralisation or negative mark-to-market value shall in no case affect the replacement cost envisaged in this subparagraph (ii);

(B) the bank shall treat any bilateral transaction with a one-way margining agreement in favour of the bank's counterparty, that is, when the bank is required to post, but does not collect, collateral, as an unmargined transaction;

(C) the bank shall only apply any form of netting between amounts in the calculation of the relevant replacement cost component when all the conditions specified in paragraph (b) below are met;

(D) for purposes of these Regulations, in the case of margined trades or transactions-

(i) the relevant replacement cost shall be the largest exposure amount to the relevant counterparty without triggering a call for variation margin, taking into account the relevant mechanics of collateral exchange in the bank's relevant margining agreement, including, for example, "Threshold", "Minimum Transfer Amount" and "Independent Amount" arrangements, which may be factored into a call for variation margin;

(ii) the independent collateral amount, denoted by ICA-

(aa) means-

(i) collateral other than variation margin posted by the relevant counterparty, which the bank may seize when the counterparty defaults, the amount of which does not change in response to the value of the transactions it secures; and/or

(ii) the Independent Amount, denoted by IA, parameter, as often defined in standardised documentation;

(bb) may change in response to factors such as the value of the collateral or a change in the number of transactions in the netting set;

(iii) the net independent collateral amount, denoted by NICA-

(aa) means-

(i) the relevant aggregate amount of segregated or unsegregated collateral posted by the relevant counterparty, less the aggregate amount of unsegregated collateral posted by the bank; or

(ii) the amount of collateral that the bank may use to offset its exposure when the relevant counterparty defaults;

(bb) shall not include collateral that the bank has posted to a segregated, bankruptcy remote account, which presumably would be returned upon the bankruptcy of the counterparty;

(cc) takes into account the differential of the IA required for the bank minus the IA required for the relevant counterparty;

(iv) the relevant replacement cost may be stated mathematically as:

RC = max{V *minus* C; TH *plus* MTA *minus* NICA; 0}

where:

V is the value of the relevant derivative transactions in the netting set

C is the haircut value of the net collateral held, which shall be calculated in accordance with the NICA methodology specified hereinbefore, provided that for purposes of this calculation the value of non-cash collateral posted by the bank to its counterparty shall be increased by, and the value of the non-cash collateral received by the bank from its counterparty shall be decreased by, the relevant haircuts specified in these Regulations from time to time in respect of repo-style transactions

TH is the positive threshold before the counterparty is required to send the bank collateral

MTA is the minimum transfer amount applicable to the relevant counterparty

TH + MTA – NICA:
is the largest exposure amount to the relevant counterparty without triggering a call for variation margin, and it contains levels of collateral that have to be maintained at all times.

For example, without initial margin or IA, the largest exposure that would not trigger a variation margin call is the threshold plus any minimum transfer amount.

In the formulation, NICA is subtracted from TH + MTA in order to fully reflect both the actual level of exposure that would not trigger a margin call and the effect of collateral held and/or posted by the bank.

The aforesaid calculation is subject to a floor amount of zero, recognising that the bank may hold NICA in excess of TH + MTA, which could otherwise result in a negative replacement cost;

(v) the purpose of-

(aa) the calculation of the relevant replacement cost is to capture the probable loss that is likely to occur if the counterparty defaults, assuming that the closeout and replacement of transactions occur instantaneously;

(bb) the calculation of the relevant potential future exposure add-on in terms of the requirements specified in subparagraph (iii) below is to capture the potential change in the value of the trades during the so-called margin period of risk, that is, the period between the last exchange of collateral before default and the replacement of the trades in the market; and

(cc) the haircut applicable to non-cash collateral is to reflect the potential change in the value of the collateral during the relevant margin period of risk;

(E) for purposes of these Regulations, in the case of unmargined transactions, that is, when no variation margin is exchanged, although collateral other than variation margin may be exchanged-

(i) the relevant replacement cost shall be the greater of:

(aa) the current market value of the relevant derivative contracts less the net haircut collateral held by the bank, if any; or

(bb) zero,

which may be stated mathematically as:

replacement cost (RC) $= \max\{V - C; 0\}$

where:

V is the value of the relevant derivative transactions in the netting set

C is the haircut value of the net collateral held, which shall be calculated in accordance with the NICA methodology specified in subparagraph (ii)(D)(iii) above, provided that for purposes of this calculation the value of non-cash collateral posted by the bank to its counterparty shall be increased by, and the value of the non-cash collateral received by the bank from its counterparty shall be decreased by, the relevant haircuts specified in these Regulations from time to time in respect of repo-style transactions

(ii) the purpose of-

(aa) the calculation of the relevant replacement cost is to capture the probable loss that is likely to occur if the counterparty defaults and all relevant transactions are closed out immediately;

(bb) the calculation of the relevant potential future exposure add-on in terms of the requirements specified in subparagraph (iii) below is to capture the potential conservative increase in exposure over a one-year time horizon from the relevant reporting or calculation date; and

(cc) the haircut applicable to non-cash collateral is to reflect the potential change in the value of the collateral during the said one-year time period;

(F) when a single margin agreement applies to several netting sets, and, as such, it is problematic to allocate any common collateral to individual netting sets, the bank shall calculate the relevant replacement cost as the sum of two components, as follows:

(i) the unmargined current exposure of the bank to the relevant counterparty, aggregated across all the relevant netting sets within the margin agreement, reduced by the positive current net collateral, that is, collateral is subtracted only when the bank is a net holder of collateral, provided that the said net collateral amount available to the bank shall include both VM and NICA;

(ii) the current net posted collateral, if any, reduced by the unmargined current exposure of the relevant counterparty to the bank, aggregated across all the relevant netting sets within the margin agreement, which component can be non-zero only when the bank is a net poster of collateral;

(iii) RC for the entire margin agreement is therefore calculated as follows:

$$RC_{MA} = \max\left\{\sum_{NS\in MA} \max\left\{V_{NS};\ 0\right\} - \max\left\{C_{MA};0\right\};\ 0\right\}$$
$$+\max\left\{\sum_{NS\in MA} \min\left\{V_{NS};\ 0\right\} - \min\left\{C_{MA};0\right\};\ 0\right\}$$

where:

the summation $NS\in MA$ is across the netting sets covered by the relevant margin agreement

V_{NS} is the current mark-to-market value of the netting set NS

C_{MA} is the cash equivalent value of all the currently available collateral in terms of the relevant margin agreement

(G) when the bank obtained eligible collateral which is taken outside a netting set, but is available to the bank to offset losses due to counterparty default on one netting set only, the bank shall treat such collateral as an independent collateral amount associated with the netting set and used within the calculation of replacement cost in terms of the provisions of item (E) above when the netting set is unmargined and in terms of the provisions of item (D) above when the netting set is margined, provided that-

(i) the bank shall treat any eligible collateral which is taken outside a netting set and that is available to the bank to offset losses due to counterparty default on more than one netting set as collateral taken under a margin agreement applicable to multiple netting sets, as envisaged in item (F) above;

(ii) when eligible collateral is available to offset losses on non-derivatives exposures as well as exposures determined using the standardised approach set out in this subregulation (18), the bank shall only use that portion of the collateral assigned to the derivatives to reduce the bank's relevant exposure to derivative instruments;

(H) in all cases the relevant exposure amount or EAD for a margined netting set shall be capped at the relevant exposure amount or EAD of the same netting set calculated on an unmargined basis;

(iii) shall calculate the relevant potential future exposure add-on component of the formula specified in subparagraph (i) above in accordance with the relevant requirements specified in this subparagraph (iii), provided that-

(A) for purposes of these Regulations-

(i) the relevant potential future exposure add-on shall consist of two distinct components, namely-

(aa) an aggregate add-on component-

(i) which consists of add-ons calculated for each relevant asset class within a given netting set, that is, the bank shall calculate the relevant add-on for each asset class through the application of the relevant specified asset-class-specific formulae that represent a stylised Effective EPE calculation under the assumption that all trades in the asset class have zero current mark-to-market value, that is, all trades are assumed to be at-the-money;

(ii) which add-on varies, based on the number of hedging sets that are available within an asset class, and which variations account for basis risk and differences in correlations within the relevant asset classes;

and

(bb) a multiplier that allows for the recognition of excess collateral or negative mark-to-market value for the relevant transactions;

(ii) the relevant potential future exposure may be stated mathematically as:

Potential future exposure (PFE) = multiplier * $AddOn^{aggregate}$

where:

multiplier	is a function of three inputs: V, C and $AddOn^{aggregate}$, which multiplier shall be subject to a floor of 5 per cent of the relevant PFE add-on
$AddOn^{aggregate}$	is the aggregate add-on component

(iii) the bank shall duly separate all relevant trades within each relevant asset class into the relevant required hedging sets and aggregate all the relevant trade-level inputs at the hedging set level and finally at the asset-class level, in accordance with the relevant formulae and requirements specified in this subparagraph (iii);

(iv) in the case of interest rate derivative instruments-

(aa) a hedging set shall consist of all relevant derivatives that reference interest rates of the same currency, such as, for example, ZAR, USD, EUR, JPY, etc., that is, there shall be a separate hedging set in respect of each relevant currency;

(bb) hedging sets shall be further divided into maturity categories in respect of which long and short positions in the same hedging set may fully offset each other within maturity categories, but only partial offsetting shall be permitted across maturity categories;

(v) in the case of foreign exchange derivative instruments, a hedging set shall consist of all relevant derivatives that reference the same foreign exchange currency pair, such as, for example, USD/ZAR, USD/Yen, Euro/Yen, or USD/Euro, that is, there shall be a separate hedging set in respect of each relevant currency pair, in respect of which full offsetting shall be permitted for long and short positions in the same currency pair, but no offsetting shall be permitted across currency pairs;

(vi) in the case of credit derivative instruments and equity derivative instruments, a single hedging set shall apply for each relevant asset class, in respect of which full offsetting shall be permitted for derivatives that reference the same entity (name or index), but only partial offsetting shall be permitted between derivatives referencing different entities;

(vii) in the case of commodity derivative instruments, four hedging sets shall apply, one for each different class of commodity, that is, one each for energy, metals, agricultural, and other commodities, and in respect of which-

(aa) full offsetting shall be permitted between derivatives referencing the same commodity within the same hedging set;

(bb) partial offsetting shall be permitted between derivatives referencing different commodities; and

(cc) no offsetting shall be permitted between different hedging sets;

(viii) in respect of each relevant asset class, basis transactions and volatility transactions shall form separate hedging sets within their respective asset classes, as set out below, in respect of which the relevant specified factors shall apply:

All relevant-

(aa) derivatives that reference the basis between two risk factors and are denominated in a single currency, which shall for purposes of this subregulation (18) be referred to as basis transactions, shall be treated within separate hedging sets within the relevant corresponding asset class, that is, all basis transactions of a netting set that belong to the same asset class and reference the same pair of risk factors shall form a single hedging set, provided that-

(i) derivatives with two floating legs that are denominated in different currencies, such as, for example, cross-currency swaps, shall be treated as non-basis foreign exchange contracts;

(ii) within each relevant hedging set, long and short positions shall be determined with respect to the relevant basis;

(iii) the bank shall in the case of hedging sets that consist of basis transactions multiply the relevant specified factor denoted by $SF_i^{(a)}$, applicable to a given asset class, by one-half;

(bb) derivatives that reference the volatility of a risk factor, which shall for purposes of this subregulation (18) be referred to as volatility transactions, shall be treated within separate hedging sets within the relevant corresponding asset class, that is, all equity volatility transactions, for example, shall form a single hedging set, provided that the bank shall in the case of hedging sets that consist of volatility transactions multiply the relevant specified factor denoted by $SF_i^{(a)}$, applicable to a given asset class, by a factor of five;

(ix) the bank shall determine and allocate the primary risk factor or factors in respect of each relevant transaction to one or more of the following five asset classes:

(aa) interest rate;

(bb) foreign exchange;

(cc) credit;

(dd) equity; or

(ee) commodity;

(x) the bank shall allocate all its relevant derivative transactions to an appropriate asset class based on its primary risk driver or reference underlying instrument, such as, for example, an interest rate curve for an interest rate swap, a reference entity for a credit default swap, or a foreign exchange rate for a FX call option, provided that-

(aa) in the case of more complex trades that may have more than one risk driver, such as, for example, multi-asset or hybrid derivatives, the bank shall take into account the relevant sensitivities and volatility of the underlying to determine the relevant primary risk driver;

(bb) subject to such conditions as may be specified in writing by the Authority, the Authority may direct the bank to allocate complex trades to more than one asset class, which will result in the same position being included in multiple asset classes, in which case the bank shall determine the appropriate sign and delta adjustment of the relevant risk driver for each relevant asset class to which the position is allocated;

(xi) the bank shall in all relevant cases calculate an adjusted notional amount based on the actual notional amount or price of the transaction, at the trade level, provided that-

(aa) in the case of interest rate derivative instruments or credit derivative instruments, the said trade-level adjusted notional amount for trade i of asset class a, which is denoted by $\mathbf{d_i^{(a)}}$-

(i) shall duly take into account both the size of a position and its maturity dependency, if any;

(ii) shall incorporate any relevant specified measure of duration;

(iii) shall be the product of the trade notional amount, converted to the relevant domestic currency, and the relevant specified duration, which is denoted by SD_i, and calculated through the application of the formula specified below:

$$SD_i = \frac{\exp(-0.05*S_i) - \exp(-0.05*E_i)}{0.05}$$

where:

S_i and E_i are the respective start and end dates of the time period referenced by the interest rate or credit derivative, or, where such a derivative references the value of another interest rate or credit instrument, the time period determined on the basis of the relevant underlying instrument, subject to a floor of ten business days, provided that when the start date has already occurred, such as, for example, an ongoing interest rate swap, S_i shall be equal to zero.

For example, a European interest rate swaption with expiry of 1 year and the term of the underlying swap of 5 years has a start date (S_i) of 1 year and an end date (E_i) of 6 years;

(bb) in the case of foreign exchange derivative instruments, the adjusted notional amount shall be the notional amount of the relevant foreign currency leg of the contract, converted to the relevant domestic currency, provided that when both legs of the foreign exchange derivative transaction are denominated in currencies other than the relevant domestic currency, the bank shall convert the notional amount of each leg to the relevant domestic currency and the leg with the larger domestic currency value shall be the adjusted notional amount;

(cc) in the case of equity and commodity derivative instruments, the adjusted notional amount shall be equal to the product of the current price of one unit of the stock or commodity, such as, for example, a share of equity or barrel of oil, and the number of units referenced by the trade;

(dd) when the trade notional amount is not stated clearly in the relevant contract, and fixed until maturity-

(i) and the notional is a formula of market values, the bank shall apply the current market values to determine the relevant required trade notional amount;

(ii) the bank shall in the case of interest rate and credit derivative contracts with variable notional amounts specified in the contract, such as amortising and accreting swaps, use the relevant time-weighted average notional over the remaining life of the derivative as the relevant required trade notional amount,

Provided that the aforementioned requirements related to averaging do not apply to transactions in respect of which the notional varies due to price changes, such as, for example, foreign exchange, equity and commodity derivative contracts.

(iii) the bank shall in the case of leveraged swaps, convert the relevant value to the notional of an equivalent unleveraged swap.

For example, when all rates in a swap are multiplied by a factor, the bank shall multiply the stated notional amount by that factor on the interest rates to determine the relevant required trade notional amount;

(iv) the bank shall in the case of a derivative contract with multiple exchanges of principal, multiply the notional amount with the number of exchanges of principal in the derivative contract to determine the relevant required trade notional amount;

(v) the remaining maturity of a derivative contract that is structured such that on specified dates any outstanding exposure is settled and the terms are reset so that the fair value of the contract is zero, shall be the time until the next reset date;

(ee) depending on whether the relevant transaction is a margined or an unmargined transaction, the bank shall apply to the relevant adjusted notional amount any relevant specified maturity factor, at the trade level, to duly reflect the time horizon appropriate for the relevant type of transaction;

(ff) based upon the relevant long or short position and whether the trade is an option, CDO tranche or neither, the bank shall apply to the relevant trade-level adjusted notional amount any relevant specified delta adjustment as envisaged in sub-item (xii) below, in order to determine an effective notional amount':

Provided that in the case of single-payment options the bank shall calculate the relevant required effective notional amount, that is, $D = d * MF * \delta$, as follows:

(i) For European, Asian, American and Bermudan put and call options, the bank shall calculate the required delta by using the simplified Black-Scholes formula specified in sub-item (xii) below. In the case of Asian options, the underlying price must be set equal to the current value of the average used in the payoff. In the case of American and Bermudan options, the bank shall use the latest allowed exercise date as the exercise date T_i in the relevant specified formula;

(ii) For Bermudan swaptions, the start date S_i shall be equal to the earliest allowed exercise date, and the end date E_i shall be equal to the end date of the underlying swap;

(iii) For digital options, the bank shall approximate the payoff of each bought or sold digital option with strike K_i via the “collar” combination of bought and sold European options of the same type, that is, call or put, with the strikes set equal to $0.95 \cdot K_i$ and $1.05 \cdot K_i$. The size of the position in the collar components must be such that the digital payoff is reproduced exactly outside the region between the two strikes. The bank shall then separately compute the effective notional for the bought and sold European components of the collar, using the option formulae for the delta envisaged in sub-item (xii), and by using the exercise date T_i and the current value of the underlying P_i of the said digital option. The bank shall cap the absolute value of the digital-option effective notional by the ratio of the digital payoff to the relevant specified factor;

(iv) When a trade’s payoff can be represented as a combination of European option payoffs, such as, for example, collar, butterfly/calendar spread, straddle, strangle, each relevant European option component shall be treated as a separate trade.

For the purpose of calculating the relevant required effective notional amounts, multiple-payment options may be represented as a combination of single-payment options. In particular, interest rate caps/floors may be represented as the portfolio of individual caplets/floorlets, each of which is a European option on the floating interest rate over a specific coupon period. For each relevant caplet/floorlet, S_i and T_i shall be the time periods starting from the current date to the start of the coupon period, while E_i shall be the time period starting from the current date to the end of the relevant coupon period;

(gg) in order to duly reflect volatility, the bank shall apply to each relevant effective notional amount such volatility factor as envisaged in sub-item (xiii) below;

(xii) the bank shall apply to the aforesaid adjusted notional amount the relevant specified delta adjustment, at the trade level, to duly reflect the relevant direction of the transaction and its non-linearity, which delta adjustment is defined as follows:

δ_i	**Long in the primary risk factor[1]**	**Short in the primary risk factor[2]**
Instruments other than options or CDO tranches	+1	-1

1. **Means the market value of the instrument increases when the value of the primary risk factor increases.**
2. **Means the market value of the instrument decreases when the value of the primary risk factor increases.**

δ_i	**Bought[1]**
Call Options[1]	$+\Phi\left(\frac{\ln(P_i / K_i) + 0.5 * \sigma_i^2 * T_i}{\sigma_i * \sqrt{T_i}}\right)$
Put Options[1]	$-\Phi\left(-\frac{\ln(P_i / K_i) + 0.5 * \sigma_i^2 * T_i}{\sigma_i * \sqrt{T_i}}\right)$
δ_i	**Sold[1]**

Call Options[1]	$-\Phi\left(\frac{\ln(P_i / K_i) + 0.5 * \sigma_i^2 * T_i}{\sigma_i * \sqrt{T_i}}\right)$
Put Options[1]	$+\Phi\left(-\frac{\ln(P_i / K_i) + 0.5 * \sigma_i^2 * T_i}{\sigma_i * \sqrt{T_i}}\right)$
In respect of which the bank shall determine: P_i: the underlying price (spot, forward, average, etc) K_i: the strike price T_i: the latest contractual exercise date of the option The specified volatility σ_i of an option	

1. **The symbol Φ in these equations represents the standard normal cumulative distribution function.**

δ_i	Purchased (long protection)
CDO tranches	$+\frac{15}{(1+14*A_i) * (1+14*D_i)}$
δ_i	**Sold (short protection)**
CDO tranches	$-\frac{15}{(1+14*A_i) * (1+14*D_i)}$
In respect of which the bank shall determine: A_i: the attachment point of the CDO tranche D_i: the detachment point of the CDO tranche	

(xiii) in order to convert the relevant effective notional amount into an Effective EPE based on the measured volatility of the asset class, the bank shall apply to the aforesaid amount any relevant factor or factors specific to each asset class, which factor(s) is denoted by $SF_i^{(a)}$ and has been calibrated to reflect the Effective EPE of a single at-the-money linear trade of unit notional and one-year maturity, in accordance with the relevant requirements specified in this subparagraph (iii);

(xiv) in the case of-

(aa) margined transactions-

(i) the bank shall determine the minimum margin period of risk in accordance with the relevant requirements specified in table 1 below:

Table 1

Minimum margin period of risk	
Non-centrally-cleared derivative transactions subject to daily margin agreements	At least 10 business days
Centrally cleared derivative transactions subject to daily margin agreements between clearing members and their clients	5 business days
Netting sets consisting of 5,000 transactions that are not with a central counterparty	20 business days
Netting sets with outstanding disputes as envisaged in subregulation (19)(e)(ii)	Double the relevant specified margin period of risk

(ii) the bank shall multiply the relevant adjusted notional amount at the trade level by:

$$MF_i^{(margined)} = \frac{3}{2}\sqrt{\frac{MPOR_i}{1\ year}}$$

where:

$MPOR_i$ is the margin period of risk appropriate for the relevant margin agreement containing the transaction i.

(bb) unmargined transactions-

(i) the minimum time risk horizon shall be the lesser of one year and the remaining maturity of the relevant derivative contract, subject to a floor of ten business days;

(ii) the bank shall multiply the relevant adjusted notional amount at the trade level by:

$$MF_i^{(unmargined)} = \sqrt{\frac{\min\{M_i; 1\ year\}}{1\ year}}$$

where:

M_i is the remaining maturity of transaction i, subject to a floor of ten business days

(xv) in the case of credit derivative instruments, equity derivative instruments and commodity derivative instruments, the bank shall apply to the relevant PFE add-on calculation the relevant specified correlation parameters, denoted by $\rho_i^{(a)}$, to determine the appropriate degree of offset between individual trades in respect of the systemic and idiosyncratic components;

(xvi) in order to determine the relevant date(s) to be applied-

(aa) the maturity of a contract, denoted by Mi, shall in all cases be the latest date that the contract may still be active, provided that when a derivative contract has another derivative contract as its underlying, such as, for example, a swaption, that may be exercised into the relevant underlying contract, that is, the bank would assume a position in the underlying contract in the event of exercise, then the maturity of that contract shall be the final settlement date of the relevant underlying derivative contract;

(bb) in the case of interest rate and credit derivative instruments, the start date and the end date of the relevant time period, respectively denoted by S_i and E_i, shall be determined in accordance with the relevant dates specified in the contract, provided that when the derivative references the value of another interest rate or credit instrument, such as, for example, a swaption or bond option, the bank shall determine the relevant maturity category or time period based on the relevant underlying instrument;

(cc) in the case of options, the latest contractual exercise date, denoted by T_i, shall be determined based on the relevant date specified in the contract, which period shall also be used to determine any relevant delta value;

(xvii) the respective dates envisaged in subitem (xvi) above related to specified example types of transaction are set out in table 1 below:

Table 1

Instrument	M_i	S_i	E_i
Interest rate or credit default swap maturing in 10 years	10 years	0	10 years
10-year interest rate swap, forward starting in 5	15	5 years	15

years	years		years
Forward rate agreement for time period starting in 6 months and ending in 12 months	1 year	0.5 year	1 year
Cash-settled European swaption referencing 5-year interest rate swap with exercise date in 6 months	0.5 year	0.5 year	5.5 years
Physically-settled European swaption referencing 5-year interest rate swap with exercise date in 6 months	5.5 years	0.5 year	5.5 years
10-year Bermudan swaption with annual exercise dates	10 years	1 year	10 years
Interest rate cap or floor specified for semi-annual interest rate with maturity 5 years	5 years	0	5 years
Option on a bond maturing in 5 years with the latest exercise date in 1 year	1 year	1 year	5 years
3-month Eurodollar futures that matures in 1 year	1 year	1 year	1.25 years
Futures on 20-year treasury bond that matures in 2 years	2 years	2 years	22 years
6-month option on 2-year futures on 20-year treasury bond	2 years	2 years	22 years

(xviii) the respective parameters to be applied in the required calculations of the respective add-on components envisaged in this subparagraph (iii) are set out in table 1 below:

Table 1

Asset class	**Subclass**	**Specified factor[1; 2] $SF_i^{(a)}$**	**Correlation $\rho_i^{(a)}$**	**Option volatility**
Interest rate		0.50%	N/A	50%
Foreign exchange		4.0%	N/A	15%
Credit, single name	AAA	0.38%	50%	100%
	AA	0.38%	50%	100%
	A	0.42%	50%	100%
	BBB	0.54%	50%	100%
	BB	1.06%	50%	100%
	B	1.6%	50%	100%
	CCC	6.0%	50%	100%
Credit, index	IG[3]	0.38%	80%	80%
	SG[4]	1.06%	80%	80%
Equity, single name		32%	50%	120%
Equity, index		20%	80%	75%
Commodity	Electricity	40%	40%	150%
	Oil/Gas	18%	40%	70%
	Metals	18%	40%	70%
	Agricultural	18%	40%	70%
	Other	18%	40%	70%

1. **The bank shall in the case of a basis transaction hedging set multiply the relevant specified factor applicable to the relevant asset class by one-half.**
2. **The bank shall in the case of a volatility transaction hedging set multiply the relevant specified factor applicable to the relevant asset class by a factor of five.**
3. **Means investment grade.**
4. **Means speculative grade.**

(B) when the bank enters into multiple margin agreements that apply to a single netting set, the bank shall divide the netting set into sub-netting sets that align with their respective margin agreement;

(C) when a single margin agreement applies to several netting sets, as envisaged in subparagraph (ii)(F) above, and collateral is exchanged based on the mark-to-market values that are netted across all relevant transactions covered under the margin agreement, irrespective of the netting sets, and as such the collateral exchanged on a net basis may not be sufficient to cover the potential future exposure, the bank shall-

(i) calculate the PFE add-on in accordance with the unmargined methodology;

(ii) aggregate the netting set level PFEs through the application of the formula specified below:

$$PFE_{MA} = \sum_{NS \in MA} PFE_{NS}^{(unmargined)}$$

where:

$PFE_{NS}^{(unmargined)}$ is the PFE add-on for the netting set NS calculated in accordance with the relevant requirements related to unmargined transactions

(D) based on the aforesaid, in the case of interest rate derivative instruments-

(i) the relevant add-on-

(aa) shall be equal to the sum of the add-ons for each relevant hedging set transacted with a counterparty in a netting set;

(bb) is intended to capture the risk of imperfect correlation between interest rate derivatives of different maturities;

(cc) for a hedging set shall be calculated in two steps, as set out in subitems (iv) to (vii) below;

(ii) based on the end-date of the relevant transactions, the bank shall allocate all relevant transactions into one of the following three maturity categories:

(aa) less than one year;

(bb) between one year and five years; and

(cc) more than five years;

(iii) the bank may-

(aa) fully offset all relevant positions within a relevant specified maturity category; and

(bb) partially offset relevant positions across the relevant specified maturity categories in accordance with the relevant requirements specified in this subparagraph (iii);

(iv) the bank shall firstly calculate the effective notional amount for time bucket k of hedging set j, that is, currency j, through the application of the formula specified below:

$$D_{jk}^{(IR)} = \sum_{i \in \{Ccy_j, MB_k\}} \delta_i * d_i^{(IR)} * MF_i^{(type)}$$

where:

$D_{jk}^{(IR)}$ is the effective notional amount

$i \in \{Ccy_j, MB_k\}$ refers to trades of currency j that belong to maturity bucket k

That is, the effective notional for each relevant time bucket and currency shall be equal to the sum of the trade-level adjusted notional amounts multiplied by-

(aa) the relevant delta adjustments; and (bb) the relevant maturity factor,

specified hereinbefore;

(v) when the bank wishes-

(aa) to offset relevant positions across maturity buckets, the bank shall, as part of the second step, aggregate across the relevant maturity buckets for each relevant hedging set through the application of the formulae specified below:

$$\text{EffectiveNotional}_j^{(IR)} = [(D_{j1}^{(IR)})^2 + (D_{j2}^{(IR)})^2 + (D_{j3}^{(IR)})^2 + A + B + C]^{½}$$

where:

$$A = 1.4 * D_{j1}^{(IR)} * D_{j2}^{(IR)}$$

$$B = 1.4 * D_{j2}^{(IR)} * D_{j3}^{(IR)}$$

$$C = 0.6 * D_{j1}^{(IR)} * D_{j3}^{(IR)}$$

(bb) not to offset positions across maturity buckets, the bank shall, as part of the second step, calculate the relevant effective notional amount through the application of the formula specified below:

$$\text{EffectiveNotional}_j^{(IR)} = |D_{j1}^{(IR)}| + |D_{j2}^{(IR)}| + |D_{j3}^{(IR)}|$$

(vi) the bank shall thereafter, as part of the second step, calculate the hedging set level add-on as the product of the effective notional and the relevant specified interest rate factor, through the application of the formula specified below:

$$\text{AddOn}_j^{(IR)} = SF_j^{(IR)} * \text{EffectiveNotional}_j^{(IR)}$$

(vii) the bank shall then finally, as part of the second step, aggregate the said hedging set level add-ons by means of simple summation, through the application of the formula specified below:

$$\text{AddOn}^{(IR)} = \sum_j \text{AddOn}_j^{(IR)}$$

(E) based on the aforesaid, in the case of foreign exchange derivative instruments-

(i) the add-on for a hedging set shall be the product of the absolute value of the relevant effective notional amount and the relevant specified factor, which is the same for all relevant FX hedging sets;

(ii) the relevant effective notional amount of a hedging set shall be equal to the sum of all the relevant trade-level adjusted notional amounts multiplied by the relevant specified delta value;

(iii) the adjusted notional amount is maturity independent and equal to the notional amount of the relevant foreign currency leg of the contract, converted to Rand;

(iv) the add-on shall be calculated through the application of the formula specified below:

$$\text{AddOn}^{(FX)} = \sum_j \text{AddOn}_{HS_j}^{(FX)}$$

where:

the sum is taken over all the relevant hedging sets, denoted by HS_j, included in the relevant netting set.

the add-on and the effective notional of the hedging set HS_j are respectively calculated through the application of the formulae specified below:

$$AddOn_{HSj}^{(FX)} = SF_j^{(FX)} * \left| EffectiveNotional_j^{(FX)} \right|$$

$$EffectiveNotional_j^{(FX)} = \sum_{i \in HS_j} \delta_i * d_i^{(FX)} * MF_i^{(type)}$$

where:

$i \in HS_j$ means the relevant trades related to hedging set HS_j

that is, the effective notional for each relevant currency pair shall be equal to the sum of the relevant trade-level adjusted notional amounts multiplied by-

(aa) the relevant delta adjustment; and

(bb) the relevant maturity factor,

specified hereinbefore;

(F) based on the aforesaid, in the case of credit derivative instruments-

(i) the bank shall firstly calculate an entity-level effective notional amount in respect of all relevant credit derivative instruments referencing either the same single entity or an index, in respect of which the bank may fully offset all relevant credit derivative instruments referencing that same single entity or index, through the application of the formula specified below:

$$EffectiveNotional_k^{(Credit)} = \sum_{i \in Entity_k} \delta_i * d_i^{(Credit)} * MF_i^{(type)}$$

where:

$i \in Entity_k$ means the relevant trades related to entity k

that is, the effective notional for each relevant entity shall be equal to the sum of the relevant trade-level adjusted notional amounts multiplied by-

(aa) the relevant delta adjustment; and

(bb) the relevant maturity factor,

specified hereinbefore;

(ii) the bank shall thereafter calculate the add-on for all the relevant positions referencing the aforesaid entity or index, through the application of the formula specified below:

$$AddOn(Entity_k) = SF_k^{(Credit)} * EffectiveNotional_k^{(Credit)}$$

that is, the add-on for all the relevant positions referencing the aforesaid entity shall be the product of its effective notional amount and the relevant specified factor,

where:

$SF_k^{(Credit)}$ is the relevant specified factor, which shall be determined as follows:

(aa) in the case of any single name entity, based on the credit rating of the relevant reference entity;

and

(bb) in the case of any relevant index entity, based on whether that index is investment grade or speculative grade;

(iii) with the exception of all relevant basis and volatility transactions, the bank shall then-

(aa) group all the relevant entity-level add-ons within a single hedging set, in which full offsetting between two different entity-level add-ons shall not be permitted.

Instead, a single-factor model is used that make provision for partial offsetting between the entity-level add-ons by dividing the risk of the credit derivatives asset class into a systemic component and an idiosyncratic component. The entity-level add-ons may fully offset each other in the systemic component, but no offsetting benefit is permitted in the idiosyncratic component.

The aforesaid two components are weighted by a correlation factor that determines the degree of offsetting/hedging benefit within the relevant credit derivatives asset class. The higher the correlation factor, the higher the importance of the systemic component, hence the higher the degree of offsetting benefits. Derivatives referencing credit indices shall be treated as though they were referencing single names, but a higher correlation factor applies;

(bb) calculate the relevant add-on through the application of the formula specified below:

$$\text{AddOn}^{(\text{Credit})} = \left[A + B\right]^{½}$$

where:

$$A = \left(\sum_k \rho_k^{(\text{Credit})} * \text{AddOn}(\text{Entity}_k)\right)^2$$

$$B = \sum_k \left(1 - (\rho_k^{(\text{Credit})})^2\right) * (\text{AddOn}(\text{Entity}_k))^2$$

$\rho_k^{(\text{Credit})}$ is the relevant correlation factor specified for Entity k

(G) based on the aforesaid, in the case of equity derivative instruments-

(i) the bank shall firstly calculate an entity-level effective notional amount in respect of each relevant reference entity or index, in respect of which the bank may fully offset all relevant transactions related to the same reference entity or index, through the application of the formula specified below:

$$\text{EffectiveNotional}_k^{(\text{Equity})} = \sum_{i \in \text{Entity}_k} \delta_i * d_i^{(\text{Equity})} * MF_i^{(\text{type})}$$

where:

$i \in \text{Entity}_k$ means the relevant trades related to entity k

that is, the effective notional for each relevant entity shall be equal to the sum of the relevant trade-level adjusted notional amounts multiplied by-

(aa) the relevant delta adjustment; and

(bb) the relevant maturity factor,

specified hereinbefore;

(ii) the bank shall thereafter calculate the add-on for all the relevant positions referencing the aforesaid entity or index, through the application of the formula specified below:

$$AddOn(Entity_k) = SF_k^{(Equity)} * EffectiveNotional_k^{(Equity)}$$

that is, the add-on for all the relevant positions referencing the aforesaid entity or index shall be the product of its effective notional amount and the relevant specified factor,

where:

$SF_k^{(Equity)}$ is the relevant specified factor

(iii) the bank shall then-

(aa) group all the relevant entity-level add-ons, in which full offsetting between two different entity-level add-ons shall not be permitted.

Instead, a single-factor model is used to divide the risk into a systemic component and an idiosyncratic component in respect of each relevant reference entity or index. The entity-level add-ons may fully offset each other in the systemic component, but no offsetting benefit is permitted in the idiosyncratic component.

The aforesaid two components are weighted by a correlation factor which determines the degree of offsetting/hedging benefit. Derivatives referencing equity indices shall be treated as though they were referencing single entities, but a higher correlation factor applies for the systemic component;

(bb) calculate the relevant add-on through the application of the formula specified below:

$$AddOn^{(Equity)} = [A + B]^{½}$$

where:

$$A = \left(\sum_k \rho_k^{(Equity)} * AddOn(Entity_k)\right)^2$$

$$B = \sum_k \left(1 - (\rho_k^{(Equity)})^2\right) * (AddOn(Entity_k))^2$$

$\rho_k^{(Equity)}$ is the relevant correlation factor specified for Entity k

(H) based on the aforesaid, in the case of commodity derivative instruments-

(i) the bank-

(aa) may in the calculation of the commodity type-level effective notional amount fully offset all relevant derivative transactions referencing the same type of commodity;

(bb) shall calculate the effective notional amount of the commodity type k in hedging set j, through the application of the formula specified below:

$$EffectiveNotional_k^{(Com)} = \sum_{i \epsilon Type_k^j} \delta_i * d_i^{(Com)} * MF_i^{(type)}$$

where:

$i \epsilon Type_k^j$ refers to the trades of commodity type k in hedging set j that is, the effective notional amount for each relevant commodity type shall be equal to the sum of the relevant trade-level adjusted notional amounts multiplied by-

(i) the relevant delta adjustment; and

(ii) the relevant maturity factor,

specified hereinbefore;

(ii) the bank shall then calculate the add-on for the relevant commodity type k in hedging set j, through the application of the formula specified below:

$$AddOn(Type_k^j) = SF_{Type_k^j}^{(Com)} * EffectiveNotional_k^{(Com)}$$

(iii) within each relevant hedging set-

(aa) a single factor model is used to divide the risk of the same type of commodities into a systemic component and an idiosyncratic component, in terms of which partial offsetting/hedging benefits is allowed within each relevant hedging set between the same type of commodities, but no offsetting/hedging benefits shall be applied between the respective hedging sets;

(bb) the bank shall calculate the relevant add-on through the application of the formula specified below:

$$AddOn_{HSj}^{(Com)} = [A + B]^{½}$$

where:

$$A = \left(\rho_j^{(Com)} * \sum_k AddOn(Type_k^j)\right)^2$$

$$B = \left(1 - (\rho_j^{(Com)})^2\right) * \sum_k \left(AddOn(Type_k^j)\right)^2$$

$\rho_j^{(Com)}$ is the relevant correlation factor in respect of hedging set j

(iv) the bank shall then finally calculate the add-on for the relevant asset class by means of simple summation, through the application of the formula specified below:

$$AddOn^{(Com)} = \sum_j AddOn_{HSj}^{(Com)}$$

where the sum is taken over all the relevant hedging sets;

(I) when the relevant amount of collateral held-

(i) is less than the net market value of the derivative contracts, that is, the position is under-collateralised, the current replacement cost is positive and the multiplier shall be equal to one, that is, the PFE component shall be equal to the full value of the aggregate add-on;

(ii) is more than the net market value of the derivative contracts, that is, the position is over-collateralised, the current replacement cost is equal to zero, and the multiplier shall be less than one, that is, the PFE component shall be less than the full value of the aggregate add-on;

(J) since out-of-the-money transactions do not represent a current exposure, and have less chance to go in-the-money, the aforesaid multiplier shall also be activated in the case of transactions with negative current value, that is, out-of-the-money transactions, which may be stated mathematically as:

$$\text{Multiplier} = \min\left\{1; \text{Floor} + (1 - \text{Floor}) * A\right\}$$

where:

$$A = \exp\left(\frac{V - C}{2 * (1 - \text{Floor}) * \text{AddOn}^{\text{aggregate}}}\right)$$

exp(…) equals to the exponential function

Floor is 5 per cent

V is the value of the derivative transactions in the relevant netting set

C is the haircut value of the net collateral held

(K) in all relevant cases, the relevant exposure amount or EAD in respect of a margined netting set shall be capped at the relevant exposure amount or EAD of the same netting set calculated on an unmargined basis;

(L) the bank shall in no case apply any diversification benefits across asset classes, that is, the bank shall calculate the potential future exposure add-on amount for each relevant asset class within a given netting set by simply aggregating the relevant amounts, which may be stated mathematically as:

$$\text{AddOn}^{\text{aggregate}} = \sum_{a} \text{AddOn}^{(a)}$$

(b) *Matters related to bilateral netting*

A bank that adopted the standardised approach for the measurement of the bank's exposure to counterparty credit risk may in the calculation of the relevant replacement cost component of a netting set, net transactions-

(i) subject to novation, in terms of which any obligation between the bank and its counterparty to deliver a given currency on a given value date is automatically amalgamated with all other obligations for the same currency and value date, legally substituting one single amount for the previous gross obligations; or

(ii) subject to any legally valid form of bilateral netting not included in subparagraph (i) above, including any other form of novation:

Provided that, in all relevant cases-

(A) the bank shall have in place a netting contract or agreement with the said counterparty that creates a single legal obligation, covering all included transactions, such that the bank would have either a claim to receive or an obligation to pay only the net sum of the positive and negative mark-to-market values of the said transactions in the event of counterparty failure to perform in accordance with the contractual agreement, irrespective whether or not the said failure relates to default, bankruptcy, liquidation or any other similar circumstances;

(B) the bank shall have in place written and reasoned legal opinions confirming that in the event of a legal challenge the relevant courts and administrative authorities would find the bank's exposure to be the said net amount in terms of-

(i) the law of the jurisdiction in which the counterparty is incorporated or chartered, and when the foreign branch of a counterparty is involved, also in terms of the law of the jurisdiction in which the branch is located;

(ii) the law that governs the individual transactions; and

(iii) the law that governs any contract or agreement necessary to effect the said novation or netting;

(C) when a national supervisor or regulator is not satisfied with the legal enforceability of the said agreement, neither counterparty shall apply netting in respect of the relevant transactions or contracts;

(D) the bank shall have in place robust procedures in order to continuously monitor the legal characteristics of the said netting agreement for possible changes in relevant law that may affect the legal enforceability of the said agreement;

(E) since the gross obligations are not in any way affected, no payment netting agreement, which is designed to reduce the operational costs of daily settlements, shall be taken into consideration in the calculation of the reporting bank's exposure amount, EAD or required capital and reserve funds;

(F) no contract containing walk-away clauses, that is, a provision that permits a non-defaulting counterparty to make only limited payments or no payment at all to the estate of a defaulter, even when the defaulter is a net creditor, shall be eligible for netting in terms of these Regulations.";

(m) by the substitution in subregulation (19) for the heading of the following heading:

"(19) *Calculation of counterparty credit exposure in terms of the internal model method"*;

(n) by the substitution in subregulation (19)(e) for subparagraph (i) of the following subparagraph:

"(i) Subject to the provisions of subparagraphs (ii) and (iii) below, when a particular netting set is subject to a margin agreement and the reporting bank's internal model is able to capture the effect of margining in its estimation of expected exposure, the bank may apply for the approval of the Authority to directly use the said estimated expected exposure amount in the formula relating to effective expected exposure, specified in paragraph (a) above;";

(o) by the substitution in subregulation (19)(e)(ii) for item (E) of the following item:

"(E) in the case of re-margining with a periodicity of N-days, the bank shall apply a margin period of risk of at least the aforesaid specified floor plus the N days minus one day, that is:

Margin Period of Risk = F + N - 1.

where:

F is the floor number of days specified hereinbefore

N is the said periodicity of N-days for re-margining";

(p) by the substitution in subregulation (19)(h)(i)(A) for the description specified related to the variable EE_i of the following description:

"$\mathbf{EE_i}$ is the expected exposure to the counterparty at revaluation time t_i, as defined in paragraph (a) above, where exposures of different netting sets for such counterparty are added, and where the longest maturity of each netting set is given by the longest contractual maturity inside the netting set";

(q) by the substitution for subregulation (23) of the following subregulation:

"(23) Instructions relating to the completion of the monthly form BA 200 are furnished with reference to the headings and item descriptions of specified columns and line items appearing on the form BA 200, as follows:

Items relating to the summary of selected credit risk related information: standardised approach

Item number	Description
2	**Impaired advances** This item shall reflect the relevant aggregate amount of impaired advances. As a minimum, an advance is considered to be impaired when objective evidence exists that the bank is unlikely to collect the total amount due.
3 to 6	**Assets bought-in** These items shall reflect the relevant aggregate on-balance sheet carrying value of assets bought-in during the preceding five years to protect an investment, including a loan or advance, which assets have not been disposed of at the end of the reporting period.

7 to 9	**Credit impairment** These items shall reflect the respective relevant required aggregate amounts of specific credit impairments and portfolio credit impairments raised by the reporting bank in accordance with the relevant requirements specified in Financial Reporting Standards issued from time to time.
11	**Total gross credit exposure** This item shall reflect the relevant required gross amount of credit exposure before the application of credit risk mitigation and any relevant credit conversion factor.
12	**Credit exposure value post credit risk mitigation** This item shall reflect the relevant required aggregate amount of gross credit exposure after the effect of any relevant credit risk mitigation has been included.
13	**Credit exposure post credit risk mitigation and credit conversion** This item shall reflect the relevant required aggregate amount of gross credit exposure after the effects of any relevant credit risk mitigation and credit conversion factors have been included.

Columns relating to summary of on-balance-sheet and off-balance-sheet credit exposure: standardised approach, items 14 to 34

Column number	Description
1	**On-balance-sheet exposure** This column shall reflect the relevant aggregate amount in respect of amounts drawn by clients, that is, utilised amounts, which amounts form part of the current exposure of the reporting bank, before the impact of any relevant credit risk mitigation has been taken into consideration.
2	**Off-balance-sheet exposure** This column shall reflect the relevant aggregate amount relating to, for example, exposures in respect of which a facility has been granted by the reporting bank to an obligor but in respect of which no funds have been paid out and no debit balance has been created, other than any exposure arising from a derivative instrument or repo-style transaction, including any exposure amount in respect of an irrevocable commitment, prior to the application of any relevant credit conversion factor or credit risk mitigation.
3	**Repurchase and/ or resale agreements** This column shall reflect the relevant aggregate amount in respect of any credit exposure arising from a repurchase and/ or resale agreement concluded by the reporting bank.
4	**Derivative instruments** This column shall reflect the relevant aggregate amount in respect of any credit exposure arising from derivative instruments, including any relevant exposure amount relating to counterparty credit risk.
14	**Credit exposure post credit risk mitigation** This column shall reflect the relevant required aggregate amount of gross credit exposure after the impact of any relevant credit risk mitigation has been taken into consideration.

Items relating to reconciliation of credit impairment: standardised approach

Item number	Description
40	**Interest in suspense** Since interest income related to impaired loans may not ultimately contribute to income when doubt exists regarding the recovery of the relevant loan amount or related interest amount due, this item shall reflect the relevant amount of interest in suspense, that is, irrespective of the accounting treatment of interest income from time to time, this item shall reflect the difference between the relevant amount of interest contractually due to the reporting bank by its clients up to the end of the reporting month and the relevant amount of interest income actually included in the operating profit or loss of the bank.
43	**Recoveries** This item shall reflect the relevant aggregate amount in respect of recoveries,

	net of any relevant amount relating to specific credit impairment and/ or portfolio credit impairment.

Columns relating to credit capital requirements based on risk weights: standardised approach, items 47 to 69

Column number	Description
1	**Total gross credit exposure** This column shall reflect the relevant aggregate gross credit exposure amount relating to the reporting bank's- (a) on-balance-sheet exposure, gross of any valuation adjustment or credit impairment; (b) off-balance-sheet exposure, including amounts in respect of irrevocable commitments, prior to the application of any credit-conversion factor; (c) exposure in respect of any repurchase or resale agreement; (d) exposure in respect of derivative instruments, calculated in accordance with the relevant requirements specified in subregulations (15) to (19).
2	**Specific credit impairment** This column shall reflect the relevant aggregate amount relating to any specific credit impairment in respect of the exposure amount reported in column 1.
3	**Exposure amount post credit risk mitigation (CRM) and specific credit impairment** This column shall reflect the reporting bank's relevant adjusted exposure amount, that is, the relevant amount net of any credit risk mitigation and specific credit impairment, calculated in accordance with the relevant requirements specified in these Regulations.
4 to 10	**Breakdown of off-balance-sheet exposure based on credit conversion factors (CCF)** Based on the relevant credit conversion factors specified in subregulation (6)(g), these columns shall reflect the appropriate breakdown of the reporting bank's adjusted exposure, that is, amounts included in column 3, relating to off-balance-sheet exposure.

Columns relating to counterparty credit risk based on specified risk weights: standardised approach, items 80 to 85

Column number	Description
1	**Replacement cost: OTC derivative instruments - unmargined transactions** In respect of unmargined transactions in OTC derivative instruments, this column shall reflect the relevant loss amount that would occur if a counterparty were to default and all relevant transactions were to be closed out immediately.
2	**Potential future exposure - add on: OTC derivative instruments: unmargined transactions** In respect of unmargined transactions in OTC derivative instruments, this column shall reflect the potential increase in exposure over a one-year time horizon from the relevant reporting date.
3	**Replacement cost: OTC derivative instruments - margined transactions** In respect of margined transactions in OTC derivative instruments, this column shall reflect the relevant loss amount that would occur if a counterparty were to default, assuming that the closeout and replacement of transactions occur instantaneously.
4	**Potential future exposure - add on: OTC derivative instruments: margined transactions** In respect of margined transactions in OTC derivative instruments, this

	column shall reflect the potential change in value of the relevant trades between the last exchange of collateral before default and replacement of the trades in the market, that is the margin period of risk.
5	**Credit exposure value** In the absence of an eligible master netting agreement, this column shall reflect the current value of all relevant credit exposures arising from securities financing transactions, after the effect of any relevant haircut has been taken into consideration.
6	**Collateral value** In the absence of an eligible master netting agreement, this column shall reflect the current value of eligible financial collateral obtained by the reporting bank in respect of all relevant securities financing transactions, after the effect of any relevant haircut has been taken into consideration.
7	**Netting benefit** This column shall reflect the aggregate amount of all relevant netting benefits arising from eligible master netting agreements taken into consideration in the calculation of the reporting bank's relevant adjusted credit exposure amount arising from securities financing transactions.
8	**Effective expected positive exposure** Based on the relevant requirements specified in subregulation (19)(a), this column shall reflect the relevant required effective expected positive exposure amount related to OTC derivative instruments.
9	**Stressed effective expected positive exposure** Based on the relevant requirements specified in, amongst others, subregulations (15) and (19) of these Regulations, this column shall reflect the relevant required effective expected positive exposure amount related to OTC derivative instruments in terms of a stressed scenario.
10	**Effective expected positive exposure** Based on the relevant requirements specified in subregulation (19)(a), this column shall reflect the relevant required effective expected positive exposure amount related to securities financing transactions.
11	**Stressed effective expected positive exposure** Based on the relevant requirements specified in, amongst others, subregulations (15) and (19) of these Regulations, this column shall reflect the relevant required effective expected positive exposure amount related to securities financing transactions in terms of a stressed scenario.
12	**Exposure amount: OTC derivative instruments – unmargined transactions** This column shall reflect the relevant required exposure or EAD amount in respect of unmargined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
13	**Exposure amount: OTC derivative instruments – margined transactions** This column shall reflect the relevant required exposure or EAD amount in respect of margined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
14	**Exposure amount - securities financing transactions** This column shall reflect the relevant required exposure or EAD amount in respect of securities financing transactions, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
15	**Default risk - OTC derivative instruments – unmargined transactions** This column shall reflect the relevant required risk weighted exposure amount in respect of unmargined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these

	Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
16	**Default risk - OTC derivative instruments – margined transactions** This column shall reflect the relevant required risk weighted exposure amount in respect of margined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
17	**Default risk - securities financing transactions** This column shall reflect the relevant required risk weighted exposure amount for securities financing transactions, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
18	**Standardised approach for CVA** Based on the relevant requirements specified in subregulation (15), this column shall reflect the relevant required risk weighted exposure amount for CVA risk, calculated in terms of the standardised approach, provided that, when required by the Authority, this column shall include any relevant amount related to CVA loss exposures arising from securities financing transactions.
19	**Advanced approach for CVA** Based on the relevant requirements specified in subregulation (19), this column shall reflect the relevant required risk weighted exposure amount for CVA risk, calculated in terms of the advanced approach, provided that, when required by the Authority, this column shall include any relevant amount related to CVA loss exposures arising from securities financing transactions.
20	**Total risk weighted exposure** This column shall reflect the relevant required aggregate amount of risk weighted exposure for counterparty credit risk, including any relevant amount of risk weighted exposure- (a) arising from OTC derivative instruments and securities financing transactions; (b) calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method; (c) related to CVA risk; (d) related to central counterparties.

Columns relating to counterparty credit risk analysis of standardised CVA risk weighted exposure: standardised approach, items 87 to 94

Column number	Description
2	**EAD** This column shall reflect the relevant exposure or EAD amount, calculated in terms of the relevant requirements specified in these Regulations, after the application of any relevant discount factor.
3	**Hedging: Single-name CDS** This column shall reflect the relevant required notional amount, after the application of any relevant discount factor, of a purchased single-name CDS, single-name contingent CDS and/or other eligible instrument used to hedge CVA risk.
4	**Hedging: Index CDS** This column shall reflect the relevant required notional amount, after the application of any relevant discount factor, of an eligible purchased index CDS used to hedge CVA risk.
5	**Standardised CVA risk weighted exposure** This column shall reflect the relevant required risk weighted exposure amount

	related to CVA risk, calculated in terms of the the relevant requirements specified in these Regulations for the standardised approach.

Columns relating to analysis of central counterparty trade exposure: standardised approach, items 95 to 98

Column number	Description
1	**Trade exposure** This column shall reflect the current and potential future exposure amount of a clearing member or a client to a central counterparty arising from any relevant OTC derivative instrument, exchange traded derivative transaction or securities financing transaction, calculated in accordance with the relevant requirements specified in subregulation (16) read with the relevant requirements respectively specified in subregulations (18) or (19) of these Regulations for the standardised approach or the internal model method.
3	**Risk weighted exposure** This column shall reflect the relevant required risk weighted exposure amount of a clearing member or a client to a central counterparty arising from any relevant OTC derivative instrument, exchange traded derivative transaction or securities financing transaction, calculated in accordance with the relevant requirements specified in subregulation (16) read with the relevant requirements respectively specified in subregulations (18) or (19) of these Regulations for the standardised approach or the internal model method.

Columns relating to analysis of qualifying central counterparty default fund guarantees: standardised approach, items 99 and 100

Column number	Description
1	**Initial margin collateral posted with a central counterparty** Based on the relevant requirements specified in these Regulations, this column shall reflect the relevant aggregate amount related to a clearing member's or client's funded collateral posted or provided to a central counterparty to mitigate the potential future exposure of the central counterparty to the clearing member arising from the possible future change in the value of their transactions, provided that, in accordance with the relevant requirements specified in these Regulations, initial margin shall exclude any relevant amount related to contributions to a central counterparty in terms of any mutualised loss sharing arrangement, that is, when a central counterparty uses initial margin to mutualise losses among the clearing members, the relevant amount shall be treated as a default fund exposure.
2	**Prefunded default fund contribution** This column shall reflect the relevant aggregate amount related to any prefunded default fund contributions made by the clearing member that will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce any central counterparty loss.
3	**Trade exposure** This column shall reflect the relevant aggregate amount related to the current and potential future exposure of a clearing member or a client to a central counterparty arising from OTC derivatives, exchange traded derivatives transactions or securities financing transactions, calculated in accordance with the relevant requirements specified in these Regulations for the standardised approach or the internal model method.
4	**Risk weighted exposure** Based on the relevant requirements specified in subregulation (16), this column shall reflect the relevant calculated risk weighted exposure amount.

Columns relating to analysis of non-qualifying central counterparty default fund guarantees: standardised approach, items 101 and 102

Column number	Description
1	**Prefunded default fund contribution** This column shall reflect the relevant aggregate amount related to any prefunded default fund contribution by a clearing member that will be applied upon such clearing member's default, either along with or immediately

	following such member's initial margin, to reduce any central counterparty loss.
2	**Unfunded default fund contribution** This column shall reflect the relevant aggregate amount related to unfunded default fund contributions, which contributions- (a) are required to be paid by a clearing member when required by the relevant central counterparty; (b) will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce any central counterparty loss.
4	**Risk weighted exposure** This column shall reflect the relevant aggregate risk weighted exposure amount equivalent to a deduction against capital and reserve funds.

Items relating to summary of selected credit risk related information: IRB approach

Item number	Description
108	**Impaired advances** This item shall reflect the relevant aggregate amount of advances in respect of which the bank raised a specific impairment. As a minimum, an advance is considered to be impaired when objective evidence exists that the bank is unlikely to collect the total amount due.
109 to 112	**Assets bought-in** These items shall reflect the relevant aggregate on-balance sheet carrying value of assets bought-in during the preceding five years to protect an investment, including a loan or advance, which assets have not been disposed of at the end of the reporting period.
113 to 115	**Credit impairments** These items shall reflect the relevant required aggregate amounts of specific credit impairments and portfolio credit impairments raised by the reporting bank in accordance with the relevant requirements specified in financial reporting standards issued from time to time.
117	**Total credit extended** This item shall reflect the relevant aggregate outstanding credit exposure amount due to the reporting bank in respect of loans, advances, off-balance-sheet exposure, derivative instruments and repurchase or resale agreements, before the effect of credit risk mitigation has been taken into consideration.
118	**Exposure at default (EAD)** This item shall reflect the reporting bank's relevant aggregate EAD amount, calculated in accordance with the relevant requirements specified in these Regulations.
119	**Average probability of default (PD, EAD weighted)** This item shall reflect the reporting bank's relevant EAD weighted average probability of default percentage, calculated in accordance with the relevant requirements specified in these Regulations.
120	**Average loss given default (LGD, EAD weighted)** This item shall reflect the reporting bank's relevant EAD weighted average LGD percentage relating to credit exposure, calculated in accordance with the relevant requirements specified in these Regulations.
121	**Total expected loss (EL)** Based on, amongst others, the relevant requirements specified in subregulation (21), this item shall reflect the reporting bank's relevant aggregate amount of expected loss.
122	**Best estimate of expected loss (BEEL)** Based on a PD of 100 per cent in respect of any relevant defaulted exposure, this item shall reflect the reporting bank's best estimate of expected loss

Item number	Description
	amount, which is expected to be an amount equal to or higher than the amount raised by the reporting bank in respect of specific credit impairment in accordance with the relevant requirements specified in financial reporting standards issued from time to time, provided that when the aforesaid two amounts differ the reporting bank shall at the written request of the Authority provide the Authority with a detailed reconciliation in writing between the two said amounts, which reconciliation shall duly explain the relevant reconciliation differences.

Columns relating to summary of on-balance-sheet and off-balance-sheet credit exposure: IRB approach, items 124 to 151

Column number	Description
1	**Utilised: on-balance-sheet exposure** This column shall reflect the relevant aggregate amount in respect of amounts drawn by clients, which amounts form part of the reporting bank's current on-balance-sheet exposure before the application of any credit risk mitigation (CRM).
2	**Off-balance-sheet exposure** This column shall reflect the relevant aggregate amount in respect of- (a) facilities granted to clients but not drawn, that is, unutilized facilities in respect of which no funds have been paid out and no debit balance has been raised; and (b) other off-balance-sheet items such as guarantees and commitments made by the reporting bank, which amounts form part of the reporting bank's total current exposure, before the application of any risk mitigation or relevant credit conversion factor.
3	**Repurchase and resale agreements** This column shall reflect the relevant aggregate amount in respect of any credit exposure arising from a repurchase or resale agreement concluded by the reporting bank.
4	**Derivative instruments** This column shall reflect the relevant aggregate amount in respect of any credit exposure arising from derivative instruments, including any relevant amount in respect of exposure to counterparty credit risk calculated in accordance with the relevant requirements specified in subregulations (15) to (19).
7	**Total credit exposure (EAD)** This column shall reflect the aggregate amount in respect of the reporting bank's relevant exposure weighted EAD amount, calculated in accordance with the relevant requirements specified in subregulations (11) and (13).
10	**Risk weighted exposure** This column shall include any relevant risk weighted exposure amount calculated in respect of the reporting bank's exposure to credit risk, after the application of a scaling factor of 1.06.
12	**Risk weighted exposure in respect of assets not subject to double default adjustment** This column shall reflect the relevant aggregate amount of credit exposure not subject to any double default adjustment as envisaged in subregulation (12)(g) or (14)(f).
13	**Risk weighted exposure in respect of assets subject to double default provisions, prior to adjustment** This column shall reflect the relevant aggregate amount of credit exposure subject to the requirements of double default envisaged in subregulation (12)(g) or (14)(f), prior to any relevant adjustment in respect of the said double default.

Columns relating to capital requirement in respect of specialised lending subject to specified risk

weights and specified risk grades: IRB approach, items 152 to 161

Column number	Description
1	**Credit exposure** This column shall reflect the relevant current exposure amount of the reporting bank in respect of any specialised lending subject to the risk weights and risk grades specified in subregulation (11)(d)(iii).
3	**Expected loss** This column shall reflect the relevant expected loss amount in respect of specialised lending, calculated in accordance with the relevant requirements specified in subregulation (21)(c).
4	**Specific credit impairment** This column shall reflect the relevant amounts in respect of specific credit impairment raised by the reporting bank in respect of specialised lending, calculated in accordance with the relevant requirements specified in financial reporting standards issued from time to time.
5	**Number of obligors** This column shall reflect the relevant number of obligors included in the specified risk weight category.

Items relating to reconciliation of credit impairments: IRB approach

Item number	Description
212	**Interest in suspense** Since interest income related to impaired loans may not ultimately contribute to income when doubt exists regarding the recovery of the relevant loan amount or related interest amount due, this item shall reflect the relevant amount of interest in suspense, that is, irrespective of the accounting treatment of interest income from time to time, this item shall reflect the difference between the relevant amount of interest contractually due to the reporting bank by its clients up to the end of the reporting month and the relevant amount of interest income actually included in the operating profit or loss of the bank.
215	**Recoveries** This item shall reflect the relevant aggregate amount in respect of recoveries, net of any relevant amount relating to specific credit impairment and/ or portfolio credit impairment.

Columns relating to analysis of past due exposure (EAD): IRB approach, items 219 to 246

Column number	Description
2, 4, 6 and 8	**Classified in default** Based on the respective EAD amounts and in respect of the relevant specified asset classes, these columns shall reflect an analysis of the relevant past due amounts classified as being in default, that is, due to matters such as, for example, early warning signs, an exposure may be classified as being in default even when the said exposure, for example, may not be legally overdue or overdue for more than 90 days.

Columns relating to counterparty credit risk: IRB approach, items 247 to 275

Column number	Description
1	**Replacement cost: OTC derivative instruments - unmargined transactions** In respect of unmargined transactions in OTC derivative instruments, this column shall reflect the relevant loss amount that would occur if a counterparty were to default and all relevant transactions were to be closed out immediately.
2	**Potential future exposure - add on: OTC derivative instruments: unmargined transactions** In respect of unmargined transactions in OTC derivative instruments, this column shall reflect the potential increase in exposure over a one-year time horizon from the relevant reporting date.

3	**Replacement cost: OTC derivative instruments - margined transactions** In respect of margined transactions in OTC derivative instruments, this column shall reflect the relevant loss amount that would occur if a counterparty were to default, assuming that the closeout and replacement of transactions occur instantaneously.
4	**Potential future exposure - add on: OTC derivative instruments: margined transactions** In respect of margined transactions in OTC derivative instruments, this column shall reflect the potential change in value of the relevant trades between the last exchange of collateral before default and replacement of the trades in the market, that is the margin period of risk.
5	**Credit exposure value** In the absence of an eligible master netting agreement, this column shall reflect the current value of all relevant credit exposures arising from securities financing transactions, after the effect of any relevant haircut has been taken into consideration.
6	**Collateral value** In the absence of an eligible master netting agreement, this column shall reflect the current value of eligible financial collateral obtained by the reporting bank in respect of all relevant securities financing transactions, after the effect of any relevant haircut has been taken into consideration.
7	**Netting benefit** This column shall reflect the aggregate amount of all relevant netting benefits arising from eligible master netting agreements taken into consideration in the calculation of the reporting bank's relevant adjusted credit exposure amount arising from securities financing transactions.
8	**Effective expected positive exposure** Based on the relevant requirements specified in subregulation (19)(a), this column shall reflect the relevant required effective expected positive exposure amount related to OTC derivative instruments.
9	**Stressed effective expected positive exposure** Based on the relevant requirements specified in, amongst others, subregulations (15) and (19) of these Regulations, this column shall reflect the relevant required effective expected positive exposure amount related to OTC derivative instruments in terms of a stressed scenario.
10	**Effective expected positive exposure** Based on the relevant requirements specified in subregulation (19)(a), this column shall reflect the relevant required effective expected positive exposure amount related to securities financing transactions.
11	**Stressed effective expected positive exposure** Based on the relevant requirements specified in, amongst others, subregulations (15) and (19) of these Regulations, this column shall reflect the relevant required effective expected positive exposure amount related to securities financing transactions in terms of a stressed scenario.
12	**Exposure amount: OTC derivative instruments – unmargined transactions** This column shall reflect the relevant required exposure or EAD amount in respect of unmargined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
13	**Exposure amount: OTC derivative instruments – margined transactions** This column shall reflect the relevant required exposure or EAD amount in respect of margined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
14	**Exposure amount - securities financing transactions**

	This column shall reflect the relevant required exposure or EAD amount for securities financing transactions, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
15	**Default risk - OTC derivative instruments – unmargined transactions** This column shall reflect the relevant required risk weighted exposure amount in respect of unmargined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
16	**Default risk - OTC derivative instruments – margined transactions** This column shall reflect the relevant required risk weighted exposure amount in respect of margined transactions in OTC derivative instruments, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
17	**Default risk - securities financing transactions** This column shall reflect the relevant required risk weighted exposure amount for securities financing transactions, calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method, which amount shall be net of any relevant incurred CVA loss amount.
18	**Standardised approach for CVA** Based on the relevant requirements specified in subregulation (15), this column shall reflect the relevant required risk weighted exposure amount for CVA risk, calculated in terms of the standardised approach, provided that, when required by the Authority, this column shall include any relevant amount related to CVA loss exposures arising from securities financing transactions.
19	**Advanced approach for CVA** Based on the relevant requirements specified in subregulation (19), this column shall reflect the relevant required risk weighted exposure amount for CVA risk, calculated in terms of the advanced approach, provided that, when required by the Authority, this column shall include any relevant amount related to CVA loss exposures arising from securities financing transactions.
20	**Total risk weighted exposure** This column shall reflect the relevant required aggregate amount of risk weighted exposure for counterparty credit risk, including any relevant amount of risk weighted exposure- (a) arising from OTC derivative instruments and securities financing transactions; (b) calculated in terms of the relevant requirements specified in these Regulations for the standardised approach or the internal model method; (c) related to CVA risk; (d) related to central counterparties.

Columns relating to counterparty credit risk analysis of standardised CVA risk weighted exposure: IRB approach, items 277 to 284

Column number	Description
2	**EAD** This column shall reflect the relevant exposure or EAD amount, calculated in terms of the relevant requirements specified in these Regulations, after the application of any relevant discount factor.
3	**Hedging: Single-name CDS** This column shall reflect the relevant required notional amount, after the application of any relevant discount factor, of a purchased single-name CDS, single-name contingent CDS and/or other eligible instrument used to hedge

	CVA risk.
4	**Hedging: Index CDS** This column shall reflect the relevant required notional amount, after the application of any relevant discount factor, of an eligible purchased index CDS used to hedge CVA risk.
5	**Standardised CVA risk weighted exposure** This column shall reflect the relevant required risk weighted exposure amount related to CVA risk, calculated in terms of the the relevant requirements specified in these Regulations for the standardised approach.

Columns relating to analysis of central counterparty trade exposure: IRB approach, items 285 to 288

Column number	Description
1	**Trade exposure** This column shall reflect the current and potential future exposure amount of a clearing member or a client to a central counterparty arising from any relevant OTC derivative instrument, exchange traded derivative transaction or securities financing transaction, calculated in accordance with the relevant requirements specified in subregulation (16) read with the relevant requirements respectively specified in subregulations (18) or (19) of these Regulations for the standardised approach or the internal model method.
3	**Risk weighted exposure** This column shall reflect the relevant required risk weighted exposure amount of a clearing member or a client to a central counterparty arising from any relevant OTC derivative instrument, exchange traded derivative transaction or securities financing transaction, calculated in accordance with the relevant requirements specified in subregulation (16) read with the relevant requirements respectively specified in subregulations (18) or (19) of these Regulations for the standardised approach or the internal model method.

Columns relating to analysis of qualifying central counterparty default fund guarantees: IRB approach, items 289 and 290

Column number	Description
1	**Initial margin collateral posted with a central counterparty** Based on the relevant requirements specified in these Regulations, this column shall reflect the relevant aggregate amount related to a clearing member's or client's funded collateral posted or provided to a central counterparty to mitigate the potential future exposure of the central counterparty to the clearing member arising from the possible future change in the value of their transactions, provided that, in accordance with the relevant requirements specified in these Regulations, initial margin shall exclude any relevant amount related to contributions to a central counterparty in terms of any mutualised loss sharing arrangement, that is, when a central counterparty uses initial margin to mutualise losses among the clearing members, the relevant amount shall be treated as a default fund exposure.
2	**Prefunded default fund contribution** This column shall reflect the relevant aggregate amount related to any prefunded default fund contributions made by the clearing member that will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce any central counterparty loss.
3	**Trade exposure** This column shall reflect the relevant aggregate amount related to the current and potential future exposure of a clearing member or a client to a central counterparty arising from OTC derivatives, exchange traded derivatives transactions or securities financing transactions, calculated in accordance with the relevant requirements specified in these Regulations for the standardised approach or the internal model method.
4	**Risk weighted exposure** Based on the relevant requirements specified in subregulation (16), this column shall reflect the relevant calculated risk weighted exposure amount.

Columns relating to analysis of non-qualifying central counterparty default fund guarantees: IRB approach, items 291 and 292

Column number	Description
1	**Prefunded default fund contribution** This column shall reflect the relevant aggregate amount related to any prefunded default fund contribution by a clearing member that will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce any central counterparty loss.
2	**Unfunded default fund contribution** This column shall reflect the relevant aggregate amount related to unfunded default fund contributions, which contributions- (a) are liable to be paid by a clearing member when required by the relevant central counterparty; (b) will be applied upon such clearing member's default, either along with or immediately following such member's initial margin, to reduce any central counterparty loss.
4	**Risk weighted exposure** This column shall reflect the relevant aggregate risk weighted exposure amount equivalent to a deduction against capital and reserve funds.

Columns relating to analysis of performing credit exposure, that is, EAD, analysed by effective maturity, items 308 to 320

Column number	Description
3 to 28	**EAD per specified asset class and effective maturity** Based on the relevant principles contained in, and the relevant requirements specified in, regulation 23(13)(d)(ii)(B), but disregarding any specified prudential floor or ceiling, these columns shall reflect the bank's performing credit exposure, that is, the relevant EAD amounts, according to the specified effective maturity bands.

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Substitution of form BA 325

4. The form set out in Annexure B to this notice is hereby substituted for form BA 325 immediately preceding regulation 29 of the Regulations.

Substitution of form BA 340

5. The form set out in Annexure C to this notice is hereby substituted for Form BA 340 immediately preceding regulation 31 of the Regulations.

Amendment of regulation 31 of the Regulations

6. Regulation 31 of the Regulations is hereby amended:

(a) by the substitution in subregulation (3) for the heading and the words preceding paragraph (a) of the following heading and words:

"(3) *Criteria relating to categorisation of equity exposures held in a bank's banking book*

Based on the economic substance and not the legal form of an instrument, and irrespective of whether or not the said instrument makes provision for a voting right, for the purposes of these Regulations equity exposures held in a bank's banking book-";

(b) by the substitution in subregulation (6)(a) for subparagraph (xi) of the following subparagraph:

"(xi) the bank shall apply the relevant requirements specified in subregulation (7) below to any equity investment in any type of fund, held in the bank's banking book;

(c) by the substitution for subregulation (7) of the following subregulation:

"(7) *Matters related to the risk weighted exposure and related required amount of capital and reserve funds in* *respect of equity investments in all types of funds held in a bank's banking book*

(a) Irrespective of whether a bank adopts the standardised approach or IRB approach for the measurement of the bank's exposure to credit risk, the bank shall use one of the alternative methodologies specified below for the calculation of its relevant risk weighted exposure amount in respect of its equity investments in all types of funds held in the bank's banking book, including any relevant off-balance-sheet exposure, such as, for example, an unfunded commitment to subscribe to a fund's future capital calls:

(i) when the bank is able to comply with the relevant specified conditions, the look-through approach specified in paragraph (b) below, which is the most granular approach;

(ii) when the bank is unable to comply with the relevant specified conditions related to the look-through approach, the mandate-based approach specified in paragraph (c) below, which provides an additional layer of risk sensitivity when compared to the look-through approach;

(iii) when neither of the aforementioned approaches is feasible, the fall-back approach specified in paragraph (d) below;

subject to the prior written approval of and such conditions as may be specified in writing by the Authority, a combination of the aforementioned three approaches, to determine the bank's capital requirement for an equity investment in an individual fund:

Provided that-

(A) the bank shall calculate its relevant risk weighted exposure amount in respect of any equity investment in all types of funds held in the bank's trading book in accordance with the relevant requirements specified in the form BA 320 read with regulation 28 of these Regulations;

(B) the bank may exclude from the look-through approach, mandate-based approach and the fall-back approach all equity investments in entities of which the debt obligations qualify for a risk weight of zero per cent in terms of the standardised approach for the measurement of the bank's exposure to credit risk, specified in regulation 23(8) of these Regulations;

(C) the bank shall exclude from the look-through approach, mandate-based approach and the fall-back approach any direct or indirect investment or exposure, including any relevant underlying exposure held by a fund, that is required to be deducted from the bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 38(5) of these Regulations;

(D) when the bank has an investment in a fund, for example, Fund A, that itself has an investment in another fund, for example, Fund B, which the bank identified by using either the look-through approach or the mandate-based approach, the risk weight applied to the investment of the first fund, that is, Fund A's investment in Fund B, may be determined by using one of the three approaches set out above, provided that-

(i) for all subsequent layers, that is, for example, Fund B's investments in Fund C and so forth, the risk weights applied to the investment in Fund C may be determined in terms of the look-through approach only if the look-through approach was also used for determining the risk weight for the investment in the fund at the preceding layer, that is, the investment in Fund B;

(ii) when none of the aforementioned scenarios is applicable, the bank shall apply the fall-back approach in respect of the relevant investment in the fund;

(E) a bank that adopted the IRB approach for the measurement of the bank's exposure to credit risk-

(i) shall, in the case of the look-through approach, calculate the relevant IRB risk components, that is, the PD of the underlying exposures and, where applicable, the relevant LGD and EAD components, associated with the underlying exposures of the relevant fund, including, for example-

(aa) any underlying exposures arising from the fund's derivatives activities, when the underlying exposure has to be risk-weighted in terms of the provisions of these Regulations; and

(bb) the associated counterparty credit risk exposure,

as if the bank was directly exposed to such risk, provided that, instead of determining a credit valuation adjustment (CVA) requirement associated with the fund's relevant derivatives exposures, the bank shall multiply the relevant exposure amount for counterparty credit risk with a factor of 1.5, before applying the risk weight associated with the relevant counterparty;

(ii) shall apply the relevant risk weights specified in the standardised approach in regulation 23(8) of these Regulations when an IRB calculation is not feasible, such as, for example, when the bank is unable to assign the necessary risk components to the relevant underlying exposures in a manner consistent with the bank's own underwriting criteria or the bank is using the mandate-based approach, provided that, in such cases, the bank shall-

(aa) in the case of equity exposures apply the simple risk weight method set out in subregulation (6)(b)(i) above;

(bb) in the case of securitisation exposures-

(i) apply the ratings-based approach set out in regulation 23(11)(e) of the Regulations or the Securitisation External Ratings-Based Approach (SEC-ERBA), whichever approach may be relevant from time to time; or

(ii) when directed in writing by the Authority or the bank is unable to use the SEC-ERBA, apply the Securitisation Standardised Approach (SEC-SA); or

(iii) apply a risk weight of 1250 per cent when the bank is unable to comply with the requirements specified for the use of the SEC-ERBA or SEC-SA; and

(cc) in all other cases, apply the standardised approach for credit risk;

(iii) may use the standardised approach for credit risk when applying risk weights to the underlying components of funds if the bank obtained the approval of the Authority to adopt the partial use approach in terms of the relevant provisions specified in regulation 36(3)(b)(i) of these Regulations in the case of directly held investments;

(iv) may, in the case of the look-through approach, rely on third-party calculations to determine the risk weights associated with the bank's equity investments in funds, that is, the risk weights related to the respective underlying exposures of the fund, if the bank does not have adequate data or information to perform the calculations itself, provided that, in such cases-

(aa) the third party shall use the respective methods related to the respective types of exposure specified in sub-item (ii) above; and

(bb) the bank shall apply a factor of 1.2 to the relevant risk weight that would otherwise apply if the exposure was held directly by the bank;

(b) Look-through approach (LTA)

When a bank is able to obtain sufficient and frequent information in respect of the underlying exposures of the relevant fund, and the said information is verified by a relevant independent third party, the bank shall adopt the look-through approach for the calculation of the bank's relevant risk weighted exposure amount in respect of its equity investments in all types of funds held in the bank's banking book, in terms of which approach the bank shall risk weight the fund's underlying exposures as if the exposures were held directly by the bank, provided that-

(i) the aforesaid requirement related to the frequency of financial reporting of the fund means that-

(A) the financial reporting of the fund is the same as or more frequently than the required reporting frequency of the bank; and

(B) the granularity of the relevant financial information is sufficient to calculate the relevant corresponding risk weights;

(ii) the aforesaid requirement related to the verification of the underlying exposures by a relevant independent third party-

(A) means that the relevant underlying exposures of the fund is verified, for example, by a depository or a custodian bank or, where applicable, the relevant management company; but does not mean or imply that any form of external audit is required in respect of the relevant underlying exposures;

(iii) the aforesaid requirement related to the risk weighting of the fund's underlying exposures includes, for example, any underlying exposure arising from the fund's derivatives activities, insofar as the relevant underlying exposure is otherwise required to be risk-weighted by a bank in terms of the provisions of these Regulations, and the associated counterparty credit risk exposure, as if the bank was directly exposed to such risk, provided that-

(A) instead of determining a credit valuation adjustment (CVA) requirement associated with the fund's relevant derivatives exposures, the bank shall multiply the relevant exposure amount for counterparty credit risk with a factor of 1.5, before applying the risk weight associated with the relevant counterparty;

(B) the aforesaid requirement to multiply the relevant exposure amount for counterparty credit risk with a factor of 1.5 shall not apply to situations in which the CVA capital requirement does not otherwise apply, such as, for example, transactions with a central counterparty or securities financing transactions (SFTs), unless the Authority determines in writing that the bank's CVA loss exposure arising from SFTs is material;

(iv) when the bank wishes to rely on third-party calculations in order to determine the relevant risk weights associated with the bank's equity investment in the fund, because the bank does not have adequate data or information to perform the required calculations itself, that is, the bank does not have adequate data or information itself to risk weight the relevant underlying exposures of the fund, the bank shall apply a factor of 1.2 to the applicable risk weight that would otherwise apply if the exposure was held directly by the bank.

For example, an exposure that is subject to a risk weight of 20 per cent in terms of the Standardised Approach shall be risk weighted at 24 per cent (1.2 * 20 per cent) when the bank wishes to rely on the look through performed by a third party;

(v) following the calculation of the aforesaid relevant total risk weighted exposure amount in respect of the fund, the bank shall calculate the average risk weight of the fund, denoted by Avg RWfund, by dividing the relevant total risk weighted exposure amount by the total assets of the fund;

(vi) following the calculation of the aforesaid relevant average risk weight of the fund the bank shall adjust upwards the average risk weight of the fund by its leverage, denoted by Lvg, for a given equity investment, through the application of the formula specified below:

$RWA_{investment}$ = Avg RWfund * Lvg * equity investment

Provided that the ultimate effective risk weight of the bank's investment in the fund, that is, Avg RWfund * Lvg, shall be subject to a limit of 1250 per cent.

(c) Mandate-based approach (MBA)

When a bank is unable to comply with the relevant requirements specified in paragraph (b) above in relation to the look-through approach, the bank may adopt the mandate-based approach for the calculation of the bank's relevant risk weighted exposure amount in respect of equity investments in all types of funds held in the bank's banking book, in terms of which approach the bank shall, as a minimum, use the information contained in a fund's mandate or in the relevant national regulations governing such investment funds, provided that-

(i) the aforesaid requirement to use the information contained in a fund's mandate or in the relevant national regulations governing such investment funds does not mean or imply that the bank is restricted to use only such information, and as such the bank may, for example, also use information obtained from other relevant disclosures of the fund;

(ii) in order to ensure that all relevant underlying risks are duly accounted for, including any relevant exposure to counterparty credit risk, the relevant risk weighted exposure amount in respect of the fund shall be calculated as the sum of the items envisaged in items (A) to (C) below:

(A) in the case of any relevant balance sheet exposure, that is, in relation to the funds' assets, the bank shall risk weight the said assets assuming the underlying portfolios are invested to the maximum extent allowed in terms of the fund's mandate in those assets that are assigned the highest capital requirement, and then progressively in those other assets assigned lower capital requirements, provided that-

(i) when more than one risk weight may be applied to a given exposure, the bank shall apply the relevant highest risk weight.

For example, in the case of investments in corporate bonds with no ratings restrictions, the bank shall apply a risk weight of 150 per cent;

(B) when the underlying risk of a derivative exposure or an off-balance-sheet item is otherwise required to be risk weighted in terms of the provisions of these Regulations, the bank shall risk weight the relevant notional amount of the derivative position or of the off-balance sheet exposure accordingly, provided that-

(i) when the relevant underlying is unknown, the bank shall use the full notional amount of the relevant derivative positions for the calculation;

(ii) when the notional amount of the relevant derivative instrument is unknown, the bank shall conservatively estimate that amount, using the maximum notional amount of derivatives allowed under the relevant fund's mandate;

(C) in the case of any relevant exposure to counterparty credit risk associated with the fund's derivative exposures, the bank shall apply the standardised approach specified in regulation 23(18) of these Regulations for the measurement of the relevant exposure to counterparty credit risk, in terms of which approach the bank shall calculate the relevant amount of counterparty credit risk (CCR) exposure related to any relevant netting set of derivatives by multiplying the relevant sum of the replacement cost and potential future exposure with an alpha factor of 1.4, provided that-

(i) when the replacement cost is unknown, the bank shall conservatively calculate the relevant exposure measure for CCR by using the sum of the notional amounts of the relevant derivative instruments in the netting set as a proxy for the replacement cost, and the bank shall use a multiplier equal to 1 in the calculation of the relevant potential future exposure amount;

(ii) when the potential future exposure is unknown, the bank shall calculate the relevant exposure measure as 15% of the sum of the notional values of the relevant derivative instruments in the netting set, to reflect the potential future exposure amount;

(iii) when both the replacement cost and the add-on components are unknown, the bank shall calculate the relevant CCR exposure amount as:

1.4 * (sum of relevant notional amounts in the relevant netting set + 0.15*sum of relevant notional amounts in the relevant netting set);

(iv) the bank shall apply the relevant risk weight associated with the counterparty to the relevant sum of the aforesaid replacement cost and potential future exposure add-on;

(v) instead of determining a CVA requirement associated with the fund's derivative exposures in accordance with the relevant requirements specified in these Regulations, the bank shall multiply the relevant exposure amount to counterparty credit risk with a factor of 1.5, before applying the aforesaid risk weight associated with the relevant counterparty, provided that the aforesaid requirement to multiply the relevant exposure amount for counterparty credit risk with a factor of 1.5 shall not apply to situations in which the CVA capital requirement does not otherwise apply, such as, for example, transactions with a central counterparty or securities financing transactions (SFTs), unless the Authority determines in writing that the bank's CVA loss exposure arising from SFTs is material;

(iii) following the calculation of the relevant risk weighted exposure amount in respect of the fund, as envisaged in subparagraph (ii) above, the bank shall calculate the average risk weight of the fund, denoted by Avg RWfund, by dividing the relevant total risk-weighted exposure amount by the total assets of the fund;

(iv) following the calculation of the aforesaid relevant average risk weight of the fund the bank shall adjust upwards the average risk weight of the fund by its leverage, denoted by Lvg, for a given equity investment, by multiplying the said average risk weight of the fund with the maximum financial leverage permitted in the fund's mandate or in the relevant national regulation governing the fund, through the application of the formula specified below:

$RWA_{investment}$ = Avg RWfund * Lvg * equity investment

Provided that the ultimate effective risk weight of the bank's investment in the fund, that is, Avg RWfund * Lvg, shall be subject to a limit of 1250 per cent;

(d) Fall-back approach (FBA)

When neither of the aforementioned two approaches is feasible for the bank, the bank shall apply to its relevant equity investment in the fund a risk weight of 1250 per cent.";

(d) by the deletion of the entire instruction relating to the completion of line item number 2 of form BA 340, specified in subregulation (8) (previously subregulation (7));

(e) by the substitution of the entire instruction relating to the completion of line item number 46, previously line item 43, of the BA 340, specified in the subregulation (8) (previously subregulation (7)), with the following instruction for the completion of line item number 46 of form BA 340:

"46 **Other investment in related entities**

This item shall reflect the aggregate amount of investments in subsidiaries and associates other than subsidiaries and associates reported in items 43 to 45, which subsidiaries and associates are included in the consolidation of the banking group's accounts.".

Amendment of regulation 36 of the Regulations

7. Regulation 36 of the Regulations is hereby amended:

(a) by the substitution in subregulation (3)(b) for subparagraph (i) of the following subparagraph:

"(i) the IRB approach for the measurement of a part of its relevant exposures to credit risk, the said bank or controlling company, as the case may be, shall, with the exception of its relevant exposure to central counterparties, as envisaged in regulation 23(16), adopt the said approach across all relevant significant asset classes, significant business units and relevant significant entities or activities within the banking group, provided that-";

(b) by the substitution in subregulation (3)(b)(i) for item (J) of the following item:

"(J) irrespective of materiality or significance, any relevant exposure to a central counterparty as envisaged in regulation 23(16), arising from an OTC derivative instrument, an exchange traded derivative instrument or a securities financing transaction, shall be treated in accordance with the relevant requirements specified in the said regulation 23(16), provided that, when assessing significance or materiality for purposes of item (D) above, the relevant measure or ratio shall be unaffected by the bank or controlling company's relevant exposure to central counterparties that are subject to the relevant requirements specified in regulation 23(16), that is, the said exposures shall be excluded from both the numerator and the denominator of any relevant ratio used for purposes of item (D) above;";

(c) by the substitution in subregulation (3)(b)(ii) for item (A) of the following item:

"(A) irrespective of the method adopted by the reporting bank or controlling company for the measurement of its exposure to counterparty credit risk arising from OTC derivative instruments or securities financing transactions, the bank or controlling company may adopt any of the methods envisaged in regulations

23(15) to 23(19) of these Regulations for the measurement of the bank or controlling company's consolidated exposure or EAD arising from long settlement transactions;";

(d) by the substitution in subregulation (3)(b)(ii) for item (B) of the following item:

"(B) in respect of exposure to counterparty credit risk for which the said bank or controlling company has not obtained approval from the Authority to adopt the internal model method, the bank or controlling company shall adopt within the banking group the standardised approach set out in regulation 23(18) for the measurement of the bank or controlling company's exposure to counterparty credit risk;";

(e) by the substitution in subregulation (4) for paragraph (b) of the following paragraph:

"(b) shall at the discretion of the relevant bank or controlling company, subject to the relevant requirements specified in subregulation (3), use one of the alternative methodologies specified below to determine its exposure to counterparty credit risk:

(i) The standardised approach specified in regulation 23(18);

(ii) Subject to the prior written approval of and such further conditions as may be specified in writing by the Authority, the internal model method specified in regulation 23(19);

(iii) Subject to the requirements specified in regulation 23(15), the prior written approval of and such further conditions as may be specified in writing by the Authority, a combination of the approaches specified in subparagraphs (i) and (ii) above;".

Substitution of form BA 610

8. The form set out in Annexure D to this notice is hereby substituted for form BA 610 immediately preceding regulation 37 of the Regulations.

Amendment of regulation 38 of the Regulations

9. Regulation 38 of the Regulations is hereby amended:

(a) by the substitution in subregulation (2) for paragraph (b) of the following paragraph:

"(b) shall at the discretion of the bank, use one of the alternative methodologies specified below to determine the bank's exposure to counterparty credit risk:

(i) the standardised approach specified in regulation 23(18);

(ii) subject to the prior written approval of and such further conditions as may be specified in writing by the Authority the internal model method specified in regulation 23(19);

(iii) subject to the relevant requirements specified in regulation 23(15) and the prior written approval of and such conditions as may be specified in writing by the Authority, a combination of the approaches envisaged in subparagraphs (i) and (ii) above;".

(b) by the substitution in subregulation (15)(e)(iv) for item (B) of the following item:

"(B) derivative exposures

A bank shall include in this category of derivative exposures the relevant amounts related to its exposures arising from the underlying of any relevant derivative contract, and the related counterparty credit risk (CCR) exposure amount, in accordance with such requirements as may be directed in writing by the Authority;".

Amendment of regulation 39 of the Regulations

10. Regulation 39 of the Regulations is hereby amended:

(a) by the substitution in subregulation (3) for paragraph (j) of the following paragraph:

"(j) interest-rate risk in the banking book;";

(b) by the substitution in subregulation (5) for paragraph (a) of the following paragraph:

"(a) shall be adequate for the size and nature of the activities of the bank, including, among others, the bank's-

(i) exposure to credit risk;

(ii) exposure to counterparty credit risk;

(iii) exposure to operational risk;

(iv) exposure to market risk;

(v) exposure to interest-rate risk in the banking book;

(vi) exposure to liquidity risk;

(vii) activities relating to risk mitigation;

(viii) trading activities,

and shall periodically be adjusted in light of the changing risk profile or financial strength of the bank, financial innovation or external market developments;";

(c) by the substitution in subregulation (5) for paragraph (c) of the following paragraph:

"(c) shall duly specify relevant limits and allocated capital relating to the bank's material exposures to risk;";

(d) by the insertion in subregulation (5)(d), of the following subparagraph after subparagraph (v):

"(vi) to ensure that the bank duly approves any significant hedging or risk management initiative, before it is implemented;";

(e) by the renumbering in subregulation (5)(d) of subparagraphs (vi) to (ix) as subparagraphs (vii) to (x), respectively;

(f) by the substitution in subregulation (5)(d), for the renumbered subparagraph (xi), previously subparagraph (x), of the following subparagraph:

"(xi) to ensure that, prior to its initiation, all relevant risk management, control and business units or lines appropriately review and assess proposed new activities, investment in new instruments or the introduction of new products, to ensure that the bank will be able to continuously understand, manage and control the relevant activity, investment or inherent risks in the product;";

(g) by the substitution in subregulation (5)(d), for the renumbered subparagraph (xv), previously subparagraph (xiv), of the following subparagraph:

"(xv) to enable the proactive identification and proper management of all relevant material exposures to risk;";

(h) by the substitution in subregulation (6)(b) for subparagraph (ii) of the following subparagraph:

"(ii) shall have sufficient expertise to understand the nature of the various instruments, markets and activities in which the bank conducts business, including capital market activities such as securitisation and the related off-balance sheet-activities, and the nature and extent of the associated risks;";

(i) by the substitution in subregulation (8)(n) for subparagraph (x) of the following subparagraph:

"(x) in respect of a measure or metric for which the bank obtained the prior written approval of the Authority to measure counterparty exposure, which measure shall be more conservative than the specified metric used to calculate EAD for every counterparty, that is, more conservative than alpha times Effective EPE, the bank shall regularly validate that the said measure or metric is sufficiently conservative;";

(j) by the substitution in subregulation (16) for the heading to paragraph (a) and the words in paragraph (a) preceding subparagraph (i) of the following heading and words:

"(a) Board and senior management oversight

Since sound governance and risk management processes provide the basis for ensuring, among other things, that a bank continuously maintains adequate capital and liquidity, the board of directors of a bank-";

(k) by the insertion in subregulation (16)(a)(vii)(B) after sub-item (ii) of the following sub-item:

"(iii) shall in the case of the bank's exposure to interest-rate risk in the banking book comply with the relevant requirements specified in regulation 30 and such further requirements as may be specified in writing by the Authority;";

(l) by the renumbering in subregulation (16)(a)(vii)(B) of sub-items (iii) to (vi) as subitems (iv) to (vii), respectively;

(m) by the insertion in subregulation (16)(a)(vii) after item (B) of the following item:

"(C) develops a system to relate the bank's relevant-

(i) available amount of unencumbered level one and level two high-quality liquid assets to the bank's relevant expected total net cash outflows and/ or any related liquidity needs during a 30 calendar day time horizon under a significantly severe liquidity stress scenario, as envisaged in regulation 26(12);

(ii) available amount of stable funding to the bank's relevant required amount of stable funding, as envisaged in regulation 26(14),

that is, every bank shall have in place a robust internal liquidity adequacy assessment process (ILAAP), as part of the bank's overall risk management framework and processes;"; and

(n) by the renumbering in subregulation (16)(a)(vii) of items (C) to (F) as items (D) to (G), respectively.

Amendment of regulation 67 of the Regulations

11. Regulation 67 of the Regulations is hereby amended:

(a) by the insertion after the definition of "Basel III" of the following definition:

"**"basis transaction"** in relation to the standardised approach for the measurement of a bank's exposure to counterparty credit risk means a non-foreign-exchange transaction, that is, both legs of the relevant transaction are denominated in the same currency, in respect of which the cash flows of both legs depend on different risk factors from the same asset class, which transactions may include, for example, interest rate basis swaps in respect of which payments based on two distinct floating interest rates are exchanged or commodity spread trades in respect of which payments based on prices of two related commodities are exchanged;".

(b) by the substitution for the definition of "hedging set" of the following definition:

"**'hedging set'** in relation to the standardised approach for the measurement of a bank's exposure to counterparty credit risk and the calculation of the add-on for each relevant asset class means a set of transactions within a single netting set within which partial or full offsetting is permitted for the purpose of calculating the relevant required potential future exposure add-on amount;";

(c) by the insertion after the definition of "hedging set" of the following definition:

"**'higher-level client'** in relation to the calculation of the relevant exposure to a central counterparty in a multi-level client structure means the institution that provides clearing services;";

(d) by the insertion after the definition of "lending related guarantee" of the following definition:

"**'leverage'** in relation to a bank's equity investments in all types of funds held in the bank's banking book means-

(a) the ratio of the relevant fund's total assets to its total equity; or

(b) such a more conservative ratio, calculated in such a manner, as may be specified in writing by the Authority;";

(e) by the insertion after the definition of "loss category" of the following definition:

"**'lower-level client'** in relation to the calculation of the relevant exposure to a central counterparty in a multi-level client structure means an institution that does clearing through a client that provides clearing services;";

(f) by the insertion after the definition of "mortgage loan or advance" of the following definition:

"**'multi-level client structure'** in relation to counterparty credit risk means a structure in terms of which a bank may centrally clear as an indirect client, that is, clearing services are provided to the bank by an institution or a person that is not a direct clearing member, but is itself a client of a clearing member or another clearing client, provided that for purposes of these Regulations, in relation to exposures between clients and clients of clients, the term "higher level client" and the term "lower level client" shall bear the meaning as defined hereinbefore;";

(g) by the substitution for the definition of "qualifying central counterparty" of the following definition:

"**'qualifying central counterparty'** means an entity or a person-

(a) that is-

(i) licensed to conduct business as a central counterparty, which license may include a license granted by way of a specific exemption;

(ii) permitted by the relevant regulator or supervisor to conduct business with or in respect of specified products and/or counterparties;

(iii) based in a jurisdiction in which it is prudentially supervised by a regulator or an authority that publicly confirms that all relevant central counterparties conducting business in that jurisdiction are continuously subject to rules and regulations that are in all material respects consistent with the relevant CPSS-IOSCO Principles for Financial Market Infrastructures, issued from time to time, provided that when a central counterparty conducts business in a jurisdiction that does not have a regulator or supervisor that applies the aforesaid Principles for Financial Market Infrastructures in respect of that central counterparty, the Authority may determine whether that central counterparty may be regarded as a qualifying central counterparty for purposes of these Regulations;

(b) that makes available to the relevant persons, such calculations, information or terms as may be specified or required in terms of the provisions of these Regulations to calculate the relevant required amount of capital and reserve funds for default fund exposures envisaged in regulation 23(16) of these Regulations; and

(c) that complies with such further requirements or criteria as may be specified in writing by the Authority or any other relevant regulator or supervisor from time to time;”;

(h) by the insertion after the definition of “variation margin” of the following definition:

“**‘volatility transaction’** in relation to the standardised approach for the measurement of a bank’s exposure to counterparty credit risk means a transaction in terms of which the relevant reference asset depends on the historical or implied volatility of a relevant risk factor.”.

12. **Date of commencement**

These Regulations shall come into operation on 1 January 2021.

CREDIT RISK **BA 200**
(Confidential and not available for inspection by the public) Monthly
Name of bank: ……………………………..
Month ended:……………………………….(yyyy/mm/dd) Country:

(All amounts to be rounded off to the nearest R'000)

Standardised approach: **Summary of selected credit risk related information**	**Line no.**	**Total**
		1
Total gross loans and advances (item 24 of form BA100)	1	
Impaired advances[1]	2	
Assets bought-in (total of items 4 to 6)	3	
Immovable property (item 6, column 5, of form BA 220)	4	
Movable property	5	
Companies acquired (item 1, column 5, of form BA 220)	6	
Total credit impairments related to total gross loans and advances (item 25 of form BA 100)	7	
Total specific credit impairments (item 39, column 2, of form BA 200)	8	
Total portfolio credit impairments (item 39, column 3, of form BA 200)	9	
Credit losses charge to income statement (item 66 of form BA 120; item 45, column 1, of form BA 200)	10	
Total gross credit exposure (item 34, column 5, of form BA 200)	11	
Credit exposure post credit risk mitigation (item 34, column 14, of form BA 200)	12	
Credit exposure post credit risk mitigation and credit conversion factors (item 47, column 11, of form BA 200)	13	

1. Means advances in respect of which the bank raised a specific impairment, and shall include any advance or restructured credit exposures subject to amended terms, conditions or concessions that are not formalised in writing.

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Summary of on-balance sheet and off-balance sheet credit exposure	Line no.	On-balance sheet exposure	Off-balance sheet exposure	Repurchase and resale agreements[1]	Derivative instruments[2]	Total credit exposure pre CRM (col. 1 to 4)	Classification of total credit exposure[3] pre CRM							
							Special mention[3]		Sub-standard[3]		Doubtful[3]		Loss[3]	
							Total	of which: 60 < overdue days≤ 90	Total	of which: overdue > 90 days	Total	of which: overdue > 90 days	Total	of which: overdue > 90 days
Asset class		1	2	3	4	5	6	7	8	9	10	11	12	13
Corporate exposure (total of items 15 and 16)	14													
Corporate	15													
SME corporate	16													
Public sector entities	17													
Local government and municipalities	18													
Sovereign (including central government and central bank)	19													
Banks	20													
Securities firms	21													
Retail exposure (total of items 23, 24, 26 and 29)	22													
Residential mortgage advances	23													
Retail revolving credit[4]	24													
of which: credit cards	25													
SME retail (total of items 27 and 28)	26													
Secured lending	27													
Unsecured lending	28													
Retail – other	29													
of which: vehicle and asset finance	30													
unsecured lending[5, 6] ≤ R30 000	31													
unsecured lending[5] > R30 000	32													
Securitisation and resecuritisation exposure[7]	33													
Total (of items 14, 17 to 22 and 33)	34													

1. Marked-to-market value.
2. In accordance with the relevant requirements specified in regulation 23.
3. In accordance with the relevant requirements specified in regulation 24(5).
4. As defined in regulation 23(11)(c)(iv)(B)(ii).
5. Relates to the relevant original exposure amount, excluding relevant retail revolving credit exposure and/or SME retail exposure.
6. Including loans in respect of which the maximum NCA rate applies.
7. Also refer to regulation 35 and the form BA500.

(All amounts to be rounded off to the nearest R'000)

Standardised approach: **Summary of on-balance sheet and off-balance sheet credit exposure** **Asset class**	**Line no.**	**Credit exposure post CRM**	**Specific credit impairment**	**Total risk weighted exposure**
		14	**15**	**16**
Corporate exposure (total of items 15 and 16)	14			
Corporate	15			
SME corporate	16			
Public sector entities	17			
Local government and municipalities	18			
Sovereign (including central government and central bank)	19			
Banks	20			
Securities firms	21			
Retail exposure (total of items 23, 24, 26 and 29)	22			
Residential mortgage advances	23			
Retail revolving credit[4]	24			
of which: credit cards	25			
SME retail (total of items 27 and 28)	26			
Secured lending	27			
Unsecured lending	28			
Retail – other	29			
of which: vehicle and asset finance	30			
unsecured lending[5, 6] ≤ R30 000	31			
unsecured lending[5] > R30 000	32			
Securitisation and resecuritisation exposure[7]	33			
Total (of items 14, 17 to 22 and 33)	34			

1. **Marked-to-market value.**
2. **In accordance with the relevant requirements specified in regulation 23.**
3. **In accordance with the relevant requirements specified in regulation 24(5).**
4. **As defined in regulation 23(11)(c)(iv)(B)(ii).**
5. **Relates to the relevant original exposure amount, excluding relevant retail revolving credit exposure and/or SME retail exposure.**
6. **Including loans in respect of which the maximum NCA rate applies.**
7. **Also refer to regulation 35 and the form BA500.**

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Reconciliation of credit impairments	**Line no.**	**Total credit impairments** (col 2 + col 3)	**Specific credit impairments**	**Portfolio credit impairments**
Balance sheet		**1**	**2**	**3**
Credit impairments: balance at beginning of period	35			
Income statement charge/ (reversal)	36			
Amounts written off against credit impairments	37			
Acquisition / disposal of subsidiaryand other	38			
Credit impairments: balance at end of period	39			
Memorandum item:				
Interest in suspense at end of period	40			

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Reconciliation of credit impairments	**Line no.**	**Movement during reporting month** (col 2 + col 3)	**Specific credit impairments**	**Portfolio credit impairments**
Income statement		**1**	**2**	**3**
Credit impairments provision raised	41			
Credit impairments provision released	42			
Recoveries	43			
Suspended interest charge	44			
Total (of items 41 to 44)	45			
Memorandum item: Write offs not applied directly against the balance sheet, that is, provision not previously raised - when relevant	46			

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Credit capital requirements Based on risk weights	Line no.	Total gross credit exposure[1]	Specific credit impairment	Exposure amount post CRM and specific credit impairment	Breakdown of off-balance sheet exposure based on credit conversion factors (CCF)							Credit exposure value post CRM and CCF	Risk weighted exposure (col. 11 *risk weight)
					0% ≤ CCF ≤ 5%	5%< CCF ≤ 15%	15%< CCF ≤ 20%	20%< CCF ≤ 40%	50%	90%	100%		
		1	2	3	4	5	6	7	8	9	10	11	12
Total (of items 48 to 53 and 56, 57, 60 and 63 to 67)	47												
0% risk weight	48												
10% risk weight	49												
20% risk weight	50												
35% risk weight	51												
40% risk weight	52												
50% risk weight	53												
of which[2]: *past due*	54												
without credit assessment by an eligible external credit assessment institution	55												
75% risk weight	56												
100% risk weight	57												
of which[2]: *past due*	58												
without credit assessment by an eligible external credit assessment institution	59												
150% risk weight	60												
of which[2]: *past due*	61												
without credit assessment by an eligible external credit assessment institution	62												
225% risk weight	63												
350% risk weight	64												
650% risk weight	65												
1250% risk weight	66												
Other prescribed risk weights	67												
of which[2]: *past due*	68												
without credit assessment by an eligible external credit assessment institution	69												

1. **Exposure value before the application of any credit conversion factor (CCF), credit risk mitigation (CRM) and any volatility adjustment.**
2. **When any exposure is both past due and unrated then the said exposure shall be included in BOTH categories.**

(All amounts to be rounded off to the nearest R'000)

Standardised approach: **Other assets**[1]	**Line no.**	**Amount**	**Specified risk weight (%)**	**Risk weighted exposure** (col. 1* col.2)
		1	**2**	**3**
Cash and balances with the central bank	70		0%	
Cash items in process of collection	71		20%	
Goodwill	72		Deduction[2]	
Intangibles other than goodwill	73		Deduction[2]	
Fixed assets (excl. assets bought-in)	74		100%	
Movable assets (excl. assets bought-in)	75		100%	
Assets bought-in	76		100%	
Lease residuals	77		100%	
Other assets	78		100%	
Total (of items 70 to 78)	79			

1. **Other assets are unrelated to credit risk but in order to calculate the reporting bank's relevant aggregate required amount of capital and reserve funds, for reconciliation to the form BA 700, such other assets are included in the form BA 200. When the majority of the reporting bank's credit exposure is subject to the IRB approach the bank shall complete the relevant required information specified in items 162 to 171 of the form BA 200 and leave open the relevant items under the standardised approach.**
2. **Relates to assets the relevant amounts of which are to be deducted from the reporting bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 38(5).**

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Analysis of counterparty credit risk exposure[1] Based on specified risk weights	Line no.	Standardised approach for counterparty credit risk						
		OTC derivative instruments				SFT[2]		
		Unmargined transactions		Margined transactions				
		Replacement cost	Potential future exposure add-on	Replacement cost	Potential future exposure add-on	Credit exposure value	Collateral value	Netting benefits
		1	2	3	4	5	6	7
Total (of items 81 to 85)	80							
0%	81							
20%	82							
50%	83							
100%	84							
150%	85							

1. Refer to regulations 23(15) to 23(19) for the relevant directives related to the measurement of a bank's exposure to counterparty credit risk.
2. Means Securities Financing Transactions. In accordance with the relevant requirements specified in regulation 23(15), a bank that did not obtain the approval of the AuthorityAuthority to adopt the Internal Model Method, shall calculate its exposure to credit risk arising from securities financing transactions in accordance with the relevant requirements specified in regulations 23(8) and 23(9).

(All amounts to be rounded off to the nearest R'000)

Standardised approach: Analysis of counterparty credit risk exposure[1] Based on specified risk weights	Line no.	Internal model[3]				Aggregate total across all relevant approaches									
		OTC derivative instruments		SFT[2]		Exposure amount			Risk weighted exposure						
						OTC derivative instruments		SFT[2]	Default risk			CVA[4, 5] risk		Total risk weighted exposure
									OTC derivative instruments		SFT[2]			
		Effective expected positive exposure	Stressed effective expected positive exposure	Effective expected positive exposure	Stressed effective expected positive exposure	Unmargined transactions	Margined transactions		Unmargined transactions	Margined transactions		Standardised	Advanced	
		8	9	10	11	12	13	14	15	16	17	18	19	20
Total (of items 81 to 85)	80													
0%	81													
20%	82													
50%	83													
100%	84													
150%	85													

1. Refer to regulations 23(15) to 23(19) for the relevant directives related to the measurement of a bank's exposure to counterparty credit risk.
2. Means Securities Financing Transactions. In accordance with the relevant requirements specified in regulation 23(15), a bank that did not obtain the approval of the Authority to adopt the Internal Model Method, shall calculate its exposure to credit risk arising from securities financing transactions in accordance with the relevant requirements specified in regulations 23(8) and 23(9).
3. In the case of cross-product netting, a bank shall report the relevant exposure under SFT.
4. Means credit valuation adjustment.
5. When the majority of the bank's credit exposure is subject to the IRB approach the bank shall complete the relevant required information specified in items 247 to 275 of the form BA 200, and leave open the relevant columns under the standardised approach.

Authority

Counterparty credit risk	Line no.	Alpha value
		1
Own estimate of alpha[1]	86	

1. **Relates to internal model method only.**

(All amounts to be rounded off to the nearest R'000)

Analysis of standardised CVA[1] risk weighted exposure	Line no	Weight	EAD	Hedging		Standardised CVA[1] risk weighted exposure[2]
				Single name CDS	Index CDS	
Ratings		1	2	3	4	5
AAA	87	0.70%				
AA	88	0.70%				
A	89	0.80%				
BBB	90	1.00%				
BB	91	2.00%				
B	92	3.00%				
CCC	93	10.00%				
Total (of items 87 to 93)	94					

1. **Means credit valuation adjustment.**
2. **Total standardised CVA risk weighted exposure may not be equal to the sum of individual requirements calculated, due to, among other things, diversification benefits.**

(All amounts to be rounded off to the nearest R'000)

Analysis of central counterparty trade exposure	**Line no**	**Trade exposure**	**Risk weight**	**Risk weighted exposure**	**of which: calculated in terms of the standardised approach**
		1	**2**	**3**	**4**
Exposures eligible for a 2% risk weight	95		2%		
Exposures eligible for a 4% risk weight	96		4%		
Exposures eligible for a bilateral risk weight	97				
Total central counterparty exposures (total of items 95 to 97)	98				

(All amounts to be rounded off to the nearest R'000)

Qualifying central counterparty default fund guarantees	**Line no**	**Initial margin collateral posted with the CCP**	**Prefunded default fund contribution**	**Trade exposure**	**Risk weighted exposure**
		1	**2**	**3**	**4**
Total	99				
(Specify)	100				

(All amounts to be rounded off to the nearest R'000)

Non-qualifying central counterparty default fund guarantees	**Line no**	**Prefunded default fund contribution**	**Unfunded default fund contribution**	**Trade exposure**	**Risk weighted exposure**
		1	**2**	**3**	**4**
Total	101				
(Specify)	102				

(All amounts to be rounded off to the nearest R'000)

Standardised approach: **Residential mortgage exposure** **Analysed per specified loan-to-value (LTV) ratio**[1, 2]	**Line no.**	**Total exposure**				***of which*: New business during the current reporting month**			
		On-balance sheet exposure	**Off-balance sheet exposure**	**Total gross credit exposure**	**Credit exposure value post CCF**	**On-balance sheet exposure**	**Off-balance sheet exposure**	**Total gross credit exposure**	**Credit exposure value post CCF**
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Total (of items 104 to 106)	103								
LTV ratio ≤ 80%	104								
80% < LTV ratio <100%	105								
LTV ratio ≥ 100%	106								

1. **Calculated based on the amount envisaged in regulation 23(6)(c).**
2. **An exposure shall be reported in only one of the relevant specified LTV-ratio buckets.**

(All amounts to be rounded off to the nearest R'000[2])

IRB approach: **Summary of selected credit risk related information**	**Line no.**	**Total** **1**
Total gross loans and advances (item 24 of form BA 100)	107	
Impaired advances[1]	108	
Assets bought-in (total of items 110 to 112)	109	
Immovable property (item 6, column 5, of form BA 220)	110	
Movable property	111	
Companies acquired (item 1, column 5, of form BA 220)	112	
Total credit impairments related to total gross loans and advances (item 25 of form BA 100)	113	
Total specific credit impairments (item 211, column 2, of form BA 200)	114	
Total portfolio credit impairments (item 211, column 3, of form BA 200)	115	
Credit losses charge to income statement (item 66, column 3, of form BA 120; item 217, column 1, of form BA 200)	116	
Total credit extended[2] (item 151, column 5, of form BA 200)	117	
Exposure at default (EAD) (item 151, column 7, of form BA 200)	118	
Average probability of default[3] (PD, EAD weighted) (item 200, column 3, of form BA 200)	119	
Average loss given default[3] (LGD, EAD weighted) (item 203, column 27, of form BA 200)	120	
Total expected loss (EL) (item 151, column 8)	121	
Best estimate of expected loss (BEEL)	122	
Net excess[4]/(deficit)[5] of total credit impairments compared to expected loss	123	

1. **Means advances in respect of which the bank raised a specific impairment, and shall include any advance or restructured credit exposures subject to amended terms, conditions or concessions that are not formalised in writing.**
2. **Not on an EAD basis.**
3. **Specified items require percentages instead of amounts to be reported, which percentages shall be rounded to two decimal places.**
4. **Refer to item 85 of form BA 700 and regulation 23(22)(d)(i)(B)(ii) when positive.**
5. **Refer to items 48 of form BA 700 and regulation 23(22)(d)(i)(B)(i) when negative.**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Summary of on-balance sheet and off-balance sheet credit Asset class	Line no.	Utilised (On-balance-sheet exposure)	Off-balance-sheet exposure	Repurchase and resale agreements[1]	Derivative instruments[2]	Total credit extended[3] (col. 1 to 4)	*of which*: classified "in default"[4]	Total credit exposure (EAD)	Expected loss	Specific credit impairment	Total: Risk weighted exposure[5]	Total: *of which*: attributed to defaulted assets	Total: *of which*: not subject to double default adjustment	Total: *of which*: subject to double default provisions prior to adjustment
		1	2	3	4	5	6	7	8	9	10	11	12	13
Corporate exposure (total of items 125 to 132)	124													
Corporate	125													
Specialised lending - high volatility commercial real estate (property development)	126													
Specialised lending - income producing real estate	127													
Specialised lending - object finance	128													
Specialised lending - commodities finance	129													
Specialised lending - project finance	130													
SME corporate	131													
Purchased receivables - corporate	132													
Public sector entities	133													
Local governments and municipalities	134													
Sovereign (including central government and central bank)	135													
Banks	136													
Securities firms	137													
Retail exposure (total of items 139, 140, 142, 145 and 149)	138													
Residential mortgage advances	139													
Retail revolving credit[6]	140													
of which: credit cards	141													
SME retail (total of items 143 and 144)	142													
Secured lending	143													
Unsecured lending	144													
Retail – other	145													
of which: vehicle and asset finance	146													
unsecured lending[7, 8] ≤ R30 000	147													
unsecured lending[7] > R30 000	148													
Purchased receivables - retail	149													
Securitisation and resecuritisation exposure[9]	150													
Total (of items 124, 133 to 138 and 150)	151													

1. **Marked-to-market value.**
2. **In accordance with the relevant requirements specified in regulation 23.**
3. **Not on an EAD basis.**
4. **Refer to the definition of default in regulation 67.**
5. **After the application of a scaling factor of 1.06.**
6. **As defined in regulation 23(11)(c)(iv)(B)(ii).**
7. **Relates to the relevant original exposure amount, excluding relevant retail revolving credit exposure and/or SME retail exposure.**
8. **Including loans in respect of which the maximum NCA rate applies.**
9. **Also refer to regulation 35 and the form BA500.**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Capital requirement i.r.o specialised lending subject to specified risk weights and specified risk grades[1]	Line no.	Credit exposure	Risk weighted exposure[2] (col. 1* specified risk weight * scaling factor of 1.06)	Memorandum items: Expected loss	Specific credit impairment	Number of obligors
		1	2	3	4	5
Specified risk weights						
0%	152					
50%	153					
70%	154					
90%	155					
95%	156					
115%	157					
120%	158					
140%	159					
250%	160					
Total (of items 152 to 160)	161					

1. **Should also be included in items 126 to 130.**
2. **After the application of a scaling factor of 1.06.**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Other assets[1]	Line no.	Amount	Specified risk weight (%)	Risk weighted exposure (col. 1* col.2)
		1	2	3
Cash and balances with the central bank	162		0%	
Cash items in process of collection	163		20%	
Goodwill	164		Deduction[2]	
Intangibles other than goodwill	165		Deduction[2]	
Fixed assets (excl. assets bought-in)	166		100%	
Movable assets (excl. assets bought-in)	167		100%	
Assets bought-in	168		100%	
Lease residuals	169		100%	
Other assets	170		100%	
Total (of items 162 to 170)	171			

1. **Other assets are unrelated to credit risk but in order to calculate the reporting bank's relevant aggregate required amount of capital and reserve funds, for reconciliation to the form BA 700, such other assets are included in the form BA 200. When the majority of the reporting bank's credit exposure is subject to the standardised approach the bank shall complete the relevant required information specified in items 70 to 79 of the form BA 200 and leave open the relevant items under the IRB approach.**
2. **Relates to assets the relevant amounts of which are to be deducted from the reporting bank's capital and reserve funds in accordance with the relevant requirements specified in regulation 38(5).**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of total credit exposure, that is, EAD, analysed by PD band	Line no.	Prescribed rating scale		Average PD of reporting bank[1] (%)	Asset class										
					Corporate exposure[2]									Public sector entities[2]	Local government and municipalities[2]
						Specialised lending									
		Lower bound (%)	Upper bound (%)		Corporate	high volatility commercial real estate (property development)	income producing real estate	object finance	commodity finance	project finance	SME corporate	Purchased receivables - corporate	Total corporate exposure (total of col. 4 to 11)		
Prescribed PD band		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Performing (total of items 173 to 198)	172														
00	173		0.0000												
01	174	0.0001	0.0120												
02	175	0.0121	0.0170												
03	176	0.0171	0.0240												
04	177	0.0241	0.0340												
05	178	0.0341	0.0480												
06	179	0.0481	0.0670												
07	180	0.0671	0.0950												
08	181	0.0951	0.1350												
09	182	0.1351	0.1900												
10	183	0.1901	0.2690												
11	184	0.2691	0.3810												
12	185	0.3811	0.5380												
13	186	0.5381	0.7610												
14	187	0.7611	1.0760												
15	188	1.0761	1.5220												
16	189	1.5221	2.1530												
17	190	2.1531	3.0440												
18	191	3.0441	4.3050												
19	192	4.3051	6.0890												
20	193	6.0891	8.6110												
21	194	8.6111	12.1770												
22	195	12.1771	17.2220												
23	196	17.2221	24.3550												
24	197	24.3551	34.4430												
25	198	34.4431	99.9999												
Default	199	100.000	100.000												
Total (of items 172 and 199)	200														

1. Means the EAD weighted average probability of default (PD), calculated in accordance with the reporting bank's internal master rating scale and mapped to the relevant specified PD band.
2. In respect of the relevant specified PD bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of total credit exposure, that is, EAD, analysed by PD band Prescribed PD band	Line no.	Asset class: Sovereign[1] (including central government and central banks)	Asset class: Banks[1]	Asset class: Securities firms[1]	Retail exposure[1]: Total retail exposure (total of columns 19 , 20, 22, 25 and 29)	Retail exposure[1]: Residential mortgage advances	Retail revolving credit: Total	Retail revolving credit: of which: credit cards	SME retail: Total (of col 23 and 24)	SME retail: of which: secured lending	SME retail: of which: unsecured lending	Retail other: Total	Retail other: of which: vehicle and asset finance	Retail other: of which: unsecured lending ≤ R30 000	Retail other: of which: unsecured lending > R30 000	Retail exposure[1]: Purchased receivables retail	Total credit exposure (EAD) (col. 12 to 18)
		15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Performing (total of items 173 to 198)	172																
00	173																
01	174																
02	175																
03	176																
04	177																
05	178																
06	179																
07	180																
08	181																
09	182																
10	183																
11	184																
12	185																
13	186																
14	187																
15	188																
16	189																
17	190																
18	191																
19	192																
20	193																
21	194																
22	195																
23	196																
24	197																
25	198																
Default	199																
Total (of items 172 and 199)	200																

1. **In respect of the relevant specified PD bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations.**

IRB approach: EAD weighted average LGD (percentage)	Line no.	Asset class													
		Corporate exposure[1]									Public sector entities[1]	Local government and municipalities[1]	Sovereign[1] (including central government and central banks)	Banks[1]	Securities firms[1]
		Corporate	Specialised lending					SME corporate	Purchased receivables - corporate	Total corporate exposure average LGD (%)					
			high volatility commercial real estate (property development)	income producing real estate	object finance	commodity finance	project finance								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Performing	201														
Default	202														
Total average LGD	203														

1. In respect of the relevant specified asset classes, a bank shall report the EAD weighted average LGD percentage relating to the relevant credit exposure, calculated in accordance with the relevant requirements specified in these Regulations.

IRB approach: EAD weighted average LGD (percentage)	Line no.	Asset class												Total EAD weighted average LGD (%)
		Retail exposure[1]												
		Total retail exposure average LGD (%)	Residential mortgage advances	Retail revolving credit		SME retail			Retail other				Purchased receivables retail	
				Total	of which: credit cards	Total (of col 20 and 21)	of which: secured lending	of which: unsecured lending	Total	of which: vehicle and asset finance	of which: unsecured lending ≤ R30 000	of which: unsecured lending > R30 000		
		15	16	17	18	19	20	21	22	23	24	25	26	27
Performing	201													
Default	202													
Total average LGD	203													

1. In respect of the relevant specified asset classes, a bank shall report the EAD weighted average LGD percentage relating to the relevant credit exposure, calculated in accordance with the relevant requirements specified in these Regulations.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Expected loss	Line no.	Asset class													
		Corporate exposure[1]													
			Specialised lending												
		Corporate	high volatility commercial real estate (property development)	income producing real estate	object finance	commodity finance	project finance	SME corporate	Purchased corporate receivables	Total corporate expected loss (total of col. 1 to 8)	Public sector entities[1]	Local government and municipalities[1]	Sovereign[1] (including central government and central banks)	Banks[1]	Securities firms[1]
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Performing	204														
Default[2]	205														
Total expected loss (total of items 204 and 205)	206														

1. In respect of the relevant specified asset classes, based on the relevant requirements specified in these Regulations, a bank shall report its relevant aggregate expected loss amount.
2. Means the reporting bank's best estimate of the relevant expected loss amount.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Expected loss	Line no.	Asset class												Total expected loss (total of col. 9 to 15)
		Retail exposure[1]												
		Total retail exposure expected loss (total of col 16, 17, 19, 22 and 26)	Residential mortgage advances	Retail revolving credit		SME retail			Retail other				Purchased retail receivables	
				Total	of which: credit cards	Total (of col 20 and 21)	of which: secured lending	of which: unsecured lending	Total	of which: vehicle and asset finance	of which: unsecured lending ≤ R30 000	of which: unsecured lending > R30 000		
		15	16	17	18	19	20	21	22	23	24	25	26	27
Performing	204													
Default[2]	205													
Total expected loss (total of items 204 and 205)	206													

1. In respect of the relevant specified asset classes, based on the relevant requirements specified in these Regulations, a bank shall report its relevant aggregate expected loss amount.
2. Means the reporting bank's best estimate of the relevant expected loss amount.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Reconciliation of credit impairments Balance sheet	Line no.	Balance sheet Total credit impairments (col. 2 + col. 3)	 Specific credit impairments	 Portfolio credit impairments
		1	2	3
Credit impairments: balance at beginning of period	207			
Income statement charge/ (reversal)	208			
Amounts written off against credit impairments	209			
Acquisition/disposal of subsidiary and other	210			
Credit impairments: balance at end of period	211			
Memorandum item:				
Interest in suspense at end of period	212			

IRB approach: Reconciliation of credit impairments Income statement	Line no.	Income statement Movement during reporting month (col. 2 + col. 3)	 Specific credit impairments	 Portfolio credit impairments
		1	2	3
Credit impairments provision raised	213			
Credit impairments provision released	214			
Recoveries	215			
Suspended interest charge	216			
Total (of items 213 to 216)	217			
Memorandum item:				
Write offs not applied directly against the balance sheet, that is, provision not previously raised – when relevant	218			

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of past due exposure (EAD)	**Line no.**	**Days overdue**							
		1 - 30 days		**31 - 60 days**		**61 - 90 days**		**>90 days**	
		Total EAD		**Total EAD**		**Total EAD**		**Total EAD**	
Asset class			**Of which: classified "in default[1]"**		**Of which: classified "in default[1]"**		**Of which: classified "in default[1]"**		**Of which: classified "in default[1]"**
		1	**2**	**3**	**4**	**5**	**6**	**7**	**8**
Corporate exposure (total of items 220 to 227)	219								
Corporate	220								
Specialised lending - high volatility commercial real estate (property development)	221								
Specialised lending - income producing real estate	222								
Specialised lending - object finance	223								
Specialised lending - commodities finance	224								
Specialised lending - project finance	225								
SME corporate	226								
Purchased receivables - corporate	227								
Public sector entities	228								
Local government and municipalities	229								
Sovereign (including central government and central bank)	230								
Banks	231								
Securities firms	232								
Retail exposure (total of items 234, 235, 237, 240 and 244)	233								
Residential mortgage advances	234								
Retail revolving credit	235								
of which: credit cards	236								
SME retail (total of items 238 and 239)	237								
Secured lending	238								
Unsecured lending	239								
Retail – other	240								
of which: vehicle and asset finance	241								
unsecured lending ≤ R30 000 (see item 147 description)	242								
unsecured lending > R30 000 (see item 148 description)	243								
Purchased receivables - retail	244								
Securitisation and resecuritisation exposure	245								
Total credit exposure (EAD) (total of items 219, 228 to 233 and 245)	246								

1. Refer to definition of default specified in regulation 67.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of counterparty credit risk exposure[1] Based on prescribed PD bands	Line no.	Standardised approach for counterparty credit risk						
		OTC derivative instruments				SFT[2]		
		Unmargined transactions		Margined transactions				
		Replacement cost	Potential future exposure add-on	Replacement cost	Potential future exposure add-on	Credit exposure value	Collateral value	Netting benefits
		1	2	3	4	5	6	7
Performing (total of items 248 to 273)	247							
00	248							
01	249							
02	250							
03	251							
04	252							
05	253							
06	254							
07	255							
08	256							
09	257							
10	258							
11	259							
12	260							
13	261							
14	262							
15	263							
16	264							
17	265							
18	266							
19	267							
20	268							
21	269							
22	270							
23	271							
24	272							
25	273							
Default	274							
Total counterparty credit risk (total of items 247 and 274)	275							

1. Refer to regulations 23(15) to 23(19) for the relevant directives related to the measurement of a bank's exposure to counterparty credit risk.
2. Means Securities Financing Transactions. In accordance with the relevant requirements specified in regulation 23(15), a bank that did not obtain the approval of the Authority to adopt the Internal Model Method, shall calculate its exposure to credit risk arising from securities financing transactions in accordance with the relevant requirements specified in regulations 23(8) and 23(9).

(All amounts to be rounded off to the nearest R'000)

IRB approach: Counterparty credit risk[1] Analysis of OTC derivative instruments and SFT[2] Based on prescribed PD bands	Line no.	Internal Model[3]				Aggregate total across all relevant approaches								
		OTC derivative instruments		SFT[2]		Exposure amount			Risk weighted exposure					
						OTC derivative instruments		SFT[2]	Default risk[4]			CVA[5, 6] risk		Total risk weighted exposure
									OTC derivative instruments		SFT[2]	Standardised	Advanced	
		Effective expected positive exposure	Stressed effective expected positive exposure	Effective expected positive exposure	Stressed effective expected positive exposure	Unmargined transactions	Margined transactions		Unmargined transactions	Margined transactions				
		8	9	10	11	12	13	14	15	16	17	18	19	20
Performing (total of items 248 to 273)	247													
00	248													
01	249													
02	250													
03	251													
04	252													
05	253													
06	254													
07	255													
08	256													
09	257													
10	258													
11	259													
12	260													
13	261													
14	262													
15	263													
16	264													
17	265													
18	266													
19	267													
20	268													
21	269													
22	270													
23	271													
24	272													
25	273													
Default	274													
Total counterparty credit risk (total of items 247 and 274)	275													

1. Refer to regulations 23(15) to 23(19) for the relevant directives related to the measurement of a bank's exposure to counterparty credit risk.
2. Means Securities Financing Transactions. In accordance with the relevant requirements specified in regulation 23(15), a bank that did not obtain the approval of the Authority to adopt the Internal Model Method, shall calculate its exposure to credit risk arising from securities financing transactions in accordance with the relevant requirements specified in regulations 23(8) and 23(9).
3. In the case of cross-product netting, a bank shall report the relevant exposure under SFT.
4. After the application of the scaling factor of 1.06.
5. Means credit valuation adjustment.
6. When the majority of the bank's credit exposure is subject to the standardised approach the bank shall complete the relevant required information specified in items 80 to 85 of the form BA 200 and leave open the relevant column under the IRB approach.

AuthorityCounterparty credit risk	Line no.	Alpha value
		1
Own estimate of alpha[1]	276	

1. Relates to the internal model method only.

(All amounts to be rounded off to the nearest R'000)

Analysis of standardised CVA[1] risk weighted exposure	Line no	Weight	EAD	Hedging		Standardised CVA[1] risk weighted exposure[2]
				Single name CDS	Index CDS	
Ratings		1	2	3	4	5
AAA	277	0.70%				
AA	278	0.70%				
A	279	0.80%				
BBB	280	1.00%				
BB	281	2.00%				
B	282	3.00%				
CCC	283	10.00%				
Total (of items 277 to 283)	284					

1. Means credit valuation adjustment.
2. Total standardised CVA risk weighted exposure may not be equal to the sum of individual requirements calculated, due to, among other things, diversification benefits.

(All amounts to be rounded off to the nearest R'000)

Analysis of central counterparty trade exposure	Line no	Trade exposure	Risk weight	Risk weighted exposure	of which: calculated in terms of the standardised approach
		1	2	3	4
Exposures eligible for a 2% risk weight	285		2%		
Exposures eligible for a 4% risk weight	286		4%		
Exposures eligible for a bilateral risk weight	287				
Total central counterparty exposures (total of items 285 to 287)	288				

(All amounts to be rounded off to the nearest R'000)

Qualifying central counterparty default fund guarantees	Line no	Initial margin collateral posted with the CCP	Prefunded default fund contribution	Trade exposure	Risk weighted exposure
		1	2	3	4
Total	289				
(Specify)	290				

(All amounts to be rounded off to the nearest R'000)

Non-qualifying central counterparty default fund guarantees	Line no	Prefunded default fund contribution	Unfunded default fund contribution	Trade exposure	Risk weighted exposure
		1	2	3	4
Total	291				
(Specify)	292				

(All amounts to be rounded off to the nearest R'000)

IRB approach:		Total exposure					*of which*: New business during the current reporting month				
Residential mortgage exposure Analysed per specified loan-to-value (LTV) ratio[1, 2]	Line no.	On-balance sheet exposure	Off-balance sheet exposure	Total gross credit exposure	EAD	Risk weighted exposure[3]	On-balance sheet exposure	Off-balance sheet exposure	Total gross credit exposure	EAD	Risk weighted exposure[3]
		1	2	3	4	5	6	7	8	9	10
Total (of items 294 to 296)	293										
LTV ratio ≤ 80%	294										
80% < LTV ratio <100%	295										
LTV ratio ≥ 100%	296										

1. **Calculated based on the amount envisaged in regulation 23(6)(c).**
2. **An exposure shall be reported in only one of the relevant specified LTV-ratio buckets.**
3. **After the application of a scaling factor of 1.06.**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of total credit exposure, that is, EAD, analysed by LGD band	Line no.	Specified LGD band[1]		Asset class											
				Corporate exposure[1]									Public sector entities[1]	Local government and municipalities[1]	Sovereign[1] (including central government and central banks)
					Specialised lending										
		Lower bound (%)	Upper bound (%)	Corporate	high volatility commercial real estate (property development)	income producing real estate	object finance	commodity finance	project finance	SME corporate	Purchased corporate receivables	Total corporate exposure (total of col. 3 to 10)			
Specified LGD band[1]		1	2	3	4	5	6	7	8	9	10	11	12	13	14
00	297		10.0000												
01	298	10.0001	20.0000												
02	299	20.0001	30.0000												
03	300	30.0001	40.0000												
04	301	40.0001	50.0000												
05	302	50.0001	60.0000												
06	303	60.0001	70.0000												
07	304	70.0001	80.0000												
08	305	80.0001	90.0000												
09	306	90.0001	100.0000												
10	307	100.0001	and more												

1. In respect of the relevant specified LGD bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Analysis of total credit exposure, that is, EAD, analysed by LGD band	Line no.	Asset class														Total credit exposure (EAD) (total of col 11 to 17)
		Banks[1]	Securities firms[1]	Retail exposure[1]												
				Total retail exposure (total of col 18, 19, 21, 24 and 28)	Residential mortgage advances	Retail revolving credit		SME retail			Retail other				Purchased retail receivables	
						Total	of which: credit cards	Total (of col 22 and 23)	of which: secured lending	of which: unsecured lending	Total	of which: vehicle and asset finance	of which: unsecured lending ≤ R30 000	of which: unsecured lending > R30 000		
Specified LGD band[1]		15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
00	297															
01	298															
02	299															
03	300															
04	301															
05	302															
06	303															
07	304															
08	305															
09	306															
10	307															

1. In respect of the relevant specified LGD bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations.

(All amounts to be rounded off to the nearest R'000)

Advanced IRB approach: **Analysis of performing credit exposure, that is, EAD, analysed by effective maturity**	**Line no.**	**Specified maturity band[1]**		**Asset class[1]**												
				Corporate exposure[3]										
					Specialised lending									
		Lower bound (years)^2	**Upper bound (years)^2**	**Corporate**	**high volatility commercial real estate (property development)**	**income producing real estate**	**object finance**	**commodity finance**	**project finance**	**SME corporate**	**Purchased corporate receivables**	**Total corporate exposure** (total of col. 3 to 10)	**Public sector entities[3]**	**Local government and municipalities[3]**	**Sovereign[3] (including central government and central banks)**
Specified maturity band[1]		**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**
00	308		0.5000												
01	309	0.5001	1.0000												
02	310	1.0001	1.5000												
03	311	1.5001	2.0000												
04	312	2.0001	2.5000												
05	313	2.5001	3.0000												
06	314	3.0001	3.5000												
07	315	3.5001	4.0000												
08	316	4.0001	4.5000												
09	317	4.5001	5.0000												
10	318	5.0001	and longer												
Total EAD weighted average effective maturity - without the 1 year regulatory floor and the 5 year maximum[2]	319														
- with the 1 year regulatory floor and the 5 year maximum[4, 5]	320														

1. **In respect of the relevant specified maturity bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations, including the relevant principles contained in regulation 23(13)(d)(ii)(B).**
2. **The 1 year regulatory floor and the 5 year specified maximum effective maturity used for the calculation of minimum required capital and reserve funds shall be disregarded for purposes of the completion of line items 308 to 319.**
3. **Based on the same method used for the calculation of minimum required capital and reserve funds, such as the cash-flow formula or maximum remaining time, without taking into consideration the relevant specified 1 year regulatory floor and 5 year maximum effective maturity limit.**
4. **Means the EAD weighted effective maturity of the relevant asset class calculated in accordance with the relevant requirements specified in regulation 23(13)(d)(ii)(B), which average effective maturity shall be expressed in years and rounded to two decimal place.**
5. **The total EAD weighted effective maturity reported in column 29 shall include all relevant retail exposures.**

(All amounts to be rounded off to the nearest R'000)

Advanced IRB approach:	Line no.	Asset class[1]														Total credit exposure (EAD) (total of col 11 to 17)
				Retail exposure[4]												
Analysis of performing credit exposure, that is, EAD, analysed by effective maturity		Banks[3]	Securi ties firms[3]	Total retail exposure (total of col 18, 19, 21, 24 and 28)	Residential mortgage advances	Retail revolving credit		SME retail			Retail other				Purchased retail receivables	
						Total	of which: credit cards	Total (of col 22 and 23)	of which: secured lending	of which: unsecured lending	Total	of which: vehicle and asset finance	of which: unsecured lending ≤ R30 000	of which: unsecured lending > R30 000		
Specified maturity band[1]		15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
00	308															
01	309															
02	310															
03	311															
04	312															
05	313															
06	314															
07	315															
08	316															
09	317															
10	318															
Total EAD weighted average effective maturity - without the 1 year regulatory floor and the 5 year maximum[2]	319															
- with the 1 year regulatory floor and the 5 year maximum[5, 6]	320															

1. In respect of the relevant specified maturity bands and asset classes, a bank shall report the aggregate amount of its total credit exposure, that is, the relevant EAD amount, calculated in accordance with the relevant requirements specified in these Regulations, including the relevant principles contained in regulation 23(13)(d)(ii)(B).
2. The 1 year regulatory floor and the 5 year specified maximum effective maturity used for the calculation of minimum required capital and reserve funds shall be disregarded for purposes of the completion of line items 308 to 319.
3. Based on the same method used for the calculation of minimum required capital and reserve funds, such as the cash-flow formula or maximum remaining time, without taking into consideration the relevant specified 1 year regulatory floor and 5 year maximum effective maturity limit.
4. Based on the maximum remaining time, without taking into consideration any relevant specified floor or maximum effective maturity limit.
5. Means the EAD weighted effective maturity of the relevant asset class calculated in accordance with the relevant requirements specified in regulation 23(13)(d)(ii)(B), which average effective maturity shall be expressed in years and rounded to two decimal place.
6. The total EAD weighted effective maturity reported in column 29 shall include all relevant retail exposures.

(All amounts to be rounded off to the nearest R'000)

IRB approach: Specified additional information	Line no.	Asset class												
		Corporate exposure									Public sector entities	Local government and municipaliti es	Sovereign (including central government and central banks)	Banks
		Corpo rate	Specialised lending				SME corporate	Purchased corporate receivables	Total corporate exposure (total of col.1 to 8)					
			high volatility commercial real estate (property development)	income producing real estate	object finance	commodity finance	project finance							
		1	2	3	4	5	6	7	8	9	10	11	12	13
EAD weighted average PD	321													
EAD weighted average PD excluding defaulted exposures	322													
Number[1] weighted average PD	323													
Number[1] weighted average PD excluding defaulted exposures	324													
EAD weighted average PD, excluding defaulted exposures,12 months ago	325													
Number[1] weighted average PD, excluding defaulted exposures,12 months ago	326													
Number[1] of performing counterparties[2] 12 months ago	327													
of which: Number[1] of defaulted counterparties[2] during the 12 months preceding the reporting month	328													
Number[1] of defaulted counterparties[2] during reporting month	329													
EAD of defaults during the reporting month	330													
Total number[1] of counterparties[2] in default at the end of the reporting month	331													

1. **The number of counterparties shall be based on the PD assignment level.**
2. **Multiple defaults on the same facility (retail exposure) or counterparty (non-retail exposure) shall be counted in the same way as in the PD estimation.**

(All amounts to be rounded off to the nearest R'000)

IRB approach: Specified additional information[1]	Line no.	Asset class													Total (of col 9 to 15)
		Securities firms	Retail exposure												
			Total retail exposure (total of col 16, 17, 19, 22 and 26)	Residential mortgage advances	Retail revolving credit		SME retail			Retail other				Purchased retail receivables	
					Total	of which: credit cards	Total (of col 20 and 21)	of which: secured lending	of which: unsecured lending	Total	of which: vehicle and asset finance	of which: unsecured lending ≤ R30 000	of which: unsecured lending > R30 000		
		14	15	16	17	18	19	20	21	22	23	24	25	26	27
EAD weighted average PD	321														
EAD weighted average PD excluding defaulted exposures	322														
Number[1] weighted average PD	323														
Number[1] weighted average PD excluding defaulted exposures	324														
EAD weighted average PD, excluding defaulted exposures,12 months ago	325														
Number[1] weighted average PD, excluding defaulted exposures,12 months ago	326														
Number[1] of performing counterparties[2] 12 months ago	327														
of which: Number[1] of defaulted counterparties[2] during the 12 months preceding the reporting month	328														
Number[1] of defaulted counterparties[2] during reporting month	329														
EAD of defaults during the reporting month	330														
Total number[1] of counterparties[2] in default at the end of the reporting month	331														
Hash total	332														

1. The number of counterparties shall be based on the PD assignment level.
2. Multiple defaults on the same facility (retail exposure) or counterparty (non-retail exposure) shall be counted in the same way as in the PD estimation.

DAILY REPORT: SELECTED RISK EXPOSURE **BA325**
(Confidential and not available for inspection by the public) Daily
Name of bank………………………………………………..
Date……………………………………...(yyyy-mm-dd)

(All amounts to be rounded off to the nearest R'000)

Summary of selected information	**Line no.**	**Total**
		1
Market risk requirement (total of items 2 to 4)	1	
Minimum prescribed pillar 1 market risk requirement[1] (item 18, column 1, plus item 24, columns 1 to 4)	2	
Systemic risk add-on (pillar 2a) market risk requirement[2]	3	
Additionally specified bank-specific (pillar 2b) market risk requirement[3]	4	
Allocated capital and reserve funds for market risk	5	
Surplus/ (deficit) (item 5 less item 1)	6	
Memorandum items:		
Counterparty credit risk requirement (items 8 to 10)	7	
OTC	8	
SFT	9	
Credit-derivative instruments	10	
Liquidity risk		
SARB repo participation	11	
Liquid assets		
Held on preceding day	12	
Month to date average held	13	
Requirement (item 14 of form BA 310)	14	
Liquidity coverage ratio[4] (LCR)		
High quality liquid assets	15	
Net cash outflow	16	
LCR (item 15 divided by item 16, multiplied with 100)	17	

1. **Based on the minimum percentage requirement specified in item 9 column 3 of the form BA 700.**
2. **Based on the add-on percentage requirement specified in item 10 column 3 of the form BA 700.**
3. **Based on the add-on percentage requirement or amount reported in item 12 column 3 of the form BA 700.**
4. **Refer to regulation 26(12).**

(All amounts to be rounded off to the nearest R'000)

Standardised approach Position risk requirement	**Line no.**	**Total**	***of which:***	
			Specific risk	**General risk**
		1	**2**	**3**
Total (of items 19 to 23)	18			
Interest rate risk	19			
Equity risk	20			
Foreign exchange risk, including gold	21			
Commodity risk	22			
Options (“carved-out” positions)	23			

(All amounts to be rounded off to the nearest R'000)

Internal models approach Position risk requirement	Line no.	Regulatory VaR amounts[1, 2]			Incremental risk charge[1, 7]	Internal VaR[3]		Backtesting[4]	
		VaR[2]	VaR S (specific risk surcharge)	sVaR[2] (stressed VaR)		VaR amount	VaR limit	Hypothetical	Actual
		1	2	3	4	5	6	7	8
Total VaR amounts[5] and incremental risk amount	24								
Interest rate risk	25								
Equity risk	26								
Foreign exchange risk, including gold	27								
Commodity risk	28								
Other	29								
Diversification benefit	30								
Memorandum items:									
Total VaR amount[5, 6]	31								
Desk 1[6]	32								
Desk 2[6]	33								
Desk 3[6]	34								
Other desks[6]	35								

1. Calculated in accordance with the relevant requirements specified in these Regulations.
2. Based on, amongst other things, a 99 per cent, one-tailed confidence interval, and a minimum holding period of ten trading days.
3. May be based on a confidence interval and/or minimum holding period that differs from the requirements specified in these Regulations.
4. Number of exceptions recorded during the previous 250 days.
5. May not be equal to the sum of individual requirements calculated in respect of the respective risk categories or trading desks due to, amongst others, diversification benefits.
6. Please separately submit in writing the relevant desk description and other relevant information.
7. Refer to regulation 28(8)(h)(i)(E).

(All amounts to be rounded off to the nearest US $'000)

Foreign-currency exposure	**Line no.**	**USD**	**Euro**	**GBP**	**CHF**	**JPY**	**Other**	**Total**
		1	**2**	**3**	**4**	**5**	**6**	**7**
Total foreign-currency assets (net of infrastructural investments) (total of items 37 and 42)	36							
Non-residents (total of items 38 to 41)	37							
Foreign currency placed with non-residents	38							
Foreign currency placed in respect of securities borrowing	39							
Foreign currency on-lent to non-residents (line 40 equals line 55)	40							
Other foreign currency	41							
Residents (total of items 43 to 49)	42							
Customer foreign-currency accounts (CFC)	43							
Foreign currency placed in respect of securities borrowing	44							
Foreign currency placements with authorised dealers	45							
Foreign currency placements with S A Reserve Bank	46							
Foreign currency placed with residents, not specified above	47							
Gold coin and bullion	48							
Other foreign currency	49							
Total foreign-currency liabilities (total of items 51 and 56)	50							
Non-residents (total of items 52 to 55)	51							
Foreign-currency funding (loans received)	52							
Foreign-currency deposits attracted	53							
Foreign-currency deposits held in respect of securities lending	54							
Liability in respect of foreign-currency borrowings on-lent to non-residents	55							
Residents (total of items 57 to 60)	56							
Customer foreign-currency accounts (CFC)	57							
Foreign-currency accounts (CFA)	58							
Foreign-currency deposits held in respect of securities lending	59							
Foreign-currency placements from authorised dealers	60							
Commitments[1] to purchase foreign currency (total of items 62 and 67)	61							
Commitments[1] to purchase foreign currency against rand	62							
Residents	63							
Non-residents	64							
Authorised dealers	65							
S A Reserve Bank	66							
Commitments[1] to purchase foreign currency against foreign currency	67							
Commitments[1] to sell foreign currency (total of items 69 and 74)	68							
Commitments[1] to sell foreign currency against rand	69							
Residents	70							
Non-residents	71							
Authorised dealers	72							
S A Reserve Bank	73							
Commitments[1] to sell foreign currency against foreign currency	74							
Effective net open foreign-currency position(s) of reporting bank[1] (item 36 plus 61) less (50 plus 68) in each foreign currency and in all foreign currencies taken together	75							
Limit specified by the Registrar	76							
Internal overnight limits set by the bank's board of directors or senior management (in respect of each individual currency and in the aggregate)	77							

1. **Include all unsettled transactions, including spot, forward, options, futures and interest flows.**

(All amounts to be rounded off to the nearest R'000)

Summary of selected interbank information	Line no.	Overnight			Longer than overnight		
		Amount at the repo rate	Amount at other rates	Weighted average rate	Amount at the repo rate	Amount at other rates	Weighted average rate
		1	2	3	4	5	6
Total loans to or deposits with other domestic banks	78						
Specify (per institution)	79						
Total loans from or deposits by other domestic banks	80						
Specify (per institution)	81						
Hash total	82						

EQUITY RISK IN THE BANKING BOOK **BA 340**

(Confidential and not available for inspection by the public) Monthly

Name of bank……………………………………………….

Month ended………………………………………...(yyyy-mm-dd)

(All amounts to be rounded off to the nearest R'000)

Standardised approach for credit risk[1]	Line no.	Exposure value	Risk weighting	Risk weighted exposure	Capital requirement
		1	2	3	4
Equities - listed and unlisted	1		100%		
Equity specified in writing by the Authority	2		150%		

1. Including the simplified standardised approach for credit risk.

(All amounts to be rounded off to the nearest R'000)

IRB approach for credit risk	Line no.	Exposure value	Risk weighting	Risk weighted exposure[1]	Capital requirement	
Market based approach		1	2	3	4	
Simple risk weight method (total of items 4 and 5)	3					
Equities - listed	4		300%			
Equities - unlisted	5		400%			
		Exposure value	Risk weighting floor	Risk weighted exposure[1]		Capital requirement
				Without limit[2]	With limit[3]	
		1	2	3	4	5
Internal models approach (total of items 7 and 8)	6					
Equities - listed	7		200%			
Equities - unlisted	8		300%			
Memorandum item:						
Diversified amount	9					

1. **After the application of a scaling factor of 1.06.**
2. **Means the relevant risk weighted exposure amount prior to the application of the specified risk weighting floor, if relevant.**
3. **Means the relevant risk weighted exposure amount after the application of the specified risk weighting floor, when relevant.**

(All amounts to be rounded off to the nearest R'000)

IRB approach for credit risk PD/LGD approach Internal obligor grade[1]	Line no.	Internal rating: PD ratio			Exposure value		Risk weighted exposure[2]	Capital requirement
		PD range		Average PD assigned to the obligor grade (%)		In respect of which the 1,5 scaling factor applies		
		Lower bound (%)	Upper bound (%)					
		1	2	3	4	5	6	7
01	10	0.0001	0.0120					
02	11	0.0121	0.0170					
03	12	0.0171	0.0240					
04	13	0.0241	0.0340					
05	14	0.0341	0.0480					
06	15	0.0481	0.0670					
07	16	0.0671	0.0950					
08	17	0.0951	0.1350					
09	18	0.1351	0.1900					
10	19	0.1901	0.2690					
11	20	0.2691	0.3810					
12	21	0.3811	0.5380					
13	22	0.5381	0.7610					
14	23	0.7611	1.0760					
15	24	1.0761	1.5220					
16	25	1.5221	2.1530					
17	26	2.1531	3.0440					
18	27	3.0441	4.3050					
19	28	4.3051	6.0890					
20	29	6.0891	8.6110					
21	30	8.6111	12.1770					
22	31	12.1771	17.2220					
23	32	17.2221	24.3550					
24	33	24.3551	34.4430					
25	34	34.4431	99.9999					
Default	35	100.0000	100.0000					
Total (of items 10 to 35)	36							

1. In ascending order, based on exposure weighted average PD.
2. After the application of a scaling factor of 1.06.

(All amounts to be rounded off to the nearest R'000)

Equity investment in funds[1]	Line no.	Exposure value	Risk weighting	Risk weighted exposure	Capital requirement
		1	2	3	4
Look-through approach	37				
Mandate-based approach	38				
Fall-back approach	39		1250%		

1. Relates to all banks, irrespective of whether the bank adopted the standardised approach or IRB approach for the measurement of the bank's exposure to credit risk.

(All amounts to be rounded off to the nearest R'000)

Memorandum items:	Line no.	Exposure amount
		1
Equity exposures exempt from the market based and PD/LGD approaches	40	
Deductions against capital and reserve funds in respect of investments in related entities	41	
Investments in unconsolidated majority owned banking, securities and other financial subsidiaries	42	
Significant minority investments in banking, securities and other financial entities	43	
Investments in insurance subsidiaries and significant minority investments in insurance entities	44	
Significant minority and majority investments in commercial entities that exceed the specified materiality levels	45	
Other investments in related entities, which entities are included in the consolidation of the reporting banking group's accounts, such as significant minority- and majority-owned commercial entities below the specified materiality level	46	

FOREIGN OPERATIONS OF SOUTH AFRICAN BANKS **BA 610**
(Confidential and not available for inspection by the public) Quarterly
Name of entity……………………………………..………… Currency:……………
Quarter ended: …………………………….... (yyyy-mm-dd) Country:………..……
Host supervisor:……
Rules applied[1]: ………

A. BALANCE SHEET (All amounts to be rounded off to the nearest '000)

Assets	Line no.	Banking	Trading	Total[2]
		1	2	3
Cash and balances with central bank	1			
Short term negotiable securities (total of items 3 to 5)	2			
Negotiable certificates of deposit	3			
Treasury bills	4			
Other	5			
Loans and advances to customers (item 7 less item 18)	6			
Gross loans and advances (total of items 8 to 17)	7			
Home loans	8			
Commercial Mortgages	9			
Credit cards	10			
Lease and instalment debtors	11			
Overdrafts	12			
Redeemable preference shares and other equivalent instruments	13			
Trade other bills and bankers acceptances	14			
Term loans	15			
Loans granted/ deposits placed under resale agreements	16			
Other loans to customers and clients	17			
Less: credit impairments	18			
Investment and trading securities (total of items 20 to 24, less item 25)	19			
Equities - Listed	20			
Equities - Unlisted	21			
Commodities	22			
Government and government - guaranteed securities	23			
Other dated securities	24			
Less: credit impairments	25			
Derivative financial instruments	26			
Pledged assets	27			
Investment in subsidiary companies	28			
Investments in associates and joint ventures	29			
Non-current assets held for sale	30			
Intangible assets	31			
Investment property	32			
Property and equipment	33			
Current income tax receivables	34			
Deferred income tax assets	35			
Post-employment assets	36			
Other assets	37			
TOTAL ASSETS (total of items 1, 2, 6, 19 and 26 to 37)	38			

1. **Reserve Bank, or host supervisor when the rules of a foreign supervisor were applied.**
2. **Actual balance at month-end.**

A. BALANCE SHEET (All amounts to be rounded off to the nearest '000)

Liabilities	**Line no.**	**Banking**	**Trading**	**Total**[1]
		1	**2**	**3**
Deposits, current accounts and other creditors (total of items 40 to 46)	39			
Current accounts	40			
Savings and deposits	41			
Call deposits	42			
Fixed and notice deposits	43			
Negotiable certificates of deposits	44			
Other deposits and loan accounts	45			
Deposits received under repurchase agreements	46			
Derivative financial instruments and other trading liabilities	47			
Term debt instruments (total of item 49 plus 50)	48			
Qualifying as capital	49			
Other	50			
Deferred revenue	51			
Current income tax liabilities	52			
Deferred income tax liabilities	53			
Non-current liabilities held for sale	54			
Retirement benefit obligations	55			
Provisions	56			
Other liabilities	57			
TOTAL LIABILITIES (total of items 39, 47, 48 and 51 to 57)	58			

Equity	**Line no.**	**Banking**	**Trading**	**Total**[1]
		1	**2**	**3**
Total equity attributable to equity holders (total of items 60 to 62)	59			
Share capital	60			
Retained earnings	61			
Other reserves	62			
Preference shareholders and minority shareholders equity (total of items 64 and 65)	63			
Minority interest	64			
Preference shareholders	65			
TOTAL EQUITY (total of items 59 and 63)	66			
TOTAL EQUITY AND LIABILITIES (total of items 58 and 66)	67			

Memorandum Items	**Line no.**	**Banking**	**Trading**	**Total**[1]
		1	**2**	**3**
Analysis of counterparties (item 6 - Loans and advances to customers)	68			
Loans and advances to non-bank customers	69			
Loans and advances to banks	70			
of which:				
Intra group	71			
Interbank	72			
Analysis of foreign currency (item 6 - Total foreign currency loans and advances included in item 6)	73			
Analysis of counterparties (item 39 - Deposits, current accounts and other creditors) (total of item 75 to 78, and 81 to 84)	74			
Sovereign, including central banks	75			
Public sector entities	76			
Local sector entities	77			
Banks (total of items 79 and 80)	78			
of which:				
Intra group	79			
Interbank	80			
Securities firms	81			
Corporate customers	82			
Retail customers	83			
Other	84			
Analysis of foreign currency (item 39) - Total foreign currency funding included in item 39	85			

1. **Actual balance at month-end.**

B. OFF BALANCE SHEET ACTIVITIES (All amounts to be rounded off to the nearest '000)

Description of item	Line no.	Banking	Trading	Total[1]
		1	2	3
Guarantees	86			
Letters of credit	87			
Customers' indebtedness for acceptances	88			
Committed undrawn facilities (including unutilised draw-down facilities)	89			
Underwriting exposures (including revolving underwriting exposures)	90			
Credit-derivative instruments	91			
Committed capital expenditure	92			
Operating lease commitments	93			
Other contingent liabilities	94			
of which: uncommitted undrawn facilities (including conditionally revocable undrawn loan commitments)	95			
TOTAL (of items 86 to 94)	96			

1. Actual balance at month-end.

C. INCOME STATEMENT (All amounts to be rounded off to the nearest '000)

Description of item	Line no.	Current quarter			Current year to date		
		Banking	Trading	Total[1]	Banking	Trading	Total[1]
		1	2	3	4	5	6
Interest and similar income (total of items 98, 99 and 110, less item 111)	97						
Short-term negotiable securities	98						
Loans and advances to customers (total of items 100 to 109)	99						
Homeloans	100						
Commercial mortgages	101						
Credit cards	102						
Lease instalment debtors	103						
Overdrafts	104						
Redeemable preference shares and other equivalent instruments issued to provide credit	105						
Trade, other bills and bankers acceptances	106						
Term loans	107						
Factoring accounts	108						
Other	109						
Government and other dated securities	110						
Less: interest income on trading assets allocated to trading revenue	111						
Interest expense and similar charges (total of items 113, 121 and 122, less item 123)	112						
Deposits, current accounts and other (total of items 114 to 116 and 119 to 120)	113						
Current accounts	114						
Savings and deposits	115						
Term and other deposits (total of items 117 and 118)	116						
Fixed and notice deposits	117						
Other	118						
Negotiable certificates of deposits	119						
Other deposits and loans	120						
Other liabilities	121						
Term debt instruments	122						
Less: interest expense on trading liabilities allocated to trading revenue	123						
Net interest income (item 97 less item 112)	124						

1. Actual balance at month-end.

C. INCOME STATEMENT (All amounts to be rounded off to the nearest '000)

Description of item	Line no.	Current quarter			Current year to date		
		Banking	Trading	Total[1]	Banking	Trading	Total[1]
		1	2	3	4	5	6
Net fee and commission income	125						
Dividend income	126						
Net trading income / (loss) (total of items 128 to 133)	127						
Foreign exchange	128						
Debt securities	129						
Commodities	130						
Derivative instruments	131						
Equities	132						
Other	133						
Other gains less losses	134						
Other operating income / (loss)	135						
Non interest revenue (total of items 125 to 127, 134 and 135)	136						
Gross operating income / (loss) (total of items 124 and 136)	137						
Credit losses	138						
Operating expenses (including indirect taxation) (total of items 140 to 148)	139						
Staff	140						
Computer processing	141						
Communication and travel	142						
Occupation and accommodation	143						
Marketing	144						
Fees and insurances	145						
Office equipment and consumables	146						
Auditors remuneration	147						
Other	148						
Operating profit/ (loss) before non-trading and capital items (total of item 137 less items 138 and 139)	149						
Non-trading and capital items	150						
Share of profit / (loss) of associates and joint ventures	151						
Profit / (loss) before income tax (total of items 149 to 151)	152						
Direct taxation	153						
Profit / (loss) for the period/ year (item 152 less item 153)	154						

1. Actual balance at month-end.

D1. CAPITAL ADEQUACY

(All amounts to be rounded off to the nearest '000)

Summary information in respect of minimum required capital and reserve funds	Line no.	Risk exposure						
		Credit	Counterparty credit risk	Operational	Market	Equity	Other	Total
		1	2	3	4	5	6	7
Risk weighted exposure								
Risk weighted exposure equivalent amount prior to concentration risk	155							
Risk weighted exposure equivalent amount in respect of concentration risk	156							
Risk weighted exposure amount in respect of threshold items	157							
Aggregate risk weighted exposure equivalent amounts prior to specified add-ons or floors (total of item 155 to 157)	158							
Additional risk weighted exposure equivalent amounts specified by the Authority[1]	159							
Aggregate risk weighted exposure equivalent amounts (total of items 158 and 159)	160							
Aggregate risk weighted assets as reported in the most recently completed return submitted to the host supervisor	161							
Minimum required capital and reserve funds								
Base minimum required capital and reserve funds per specified risk type, based on risk-weighted exposure (item 160 multiplied with item 164, column 3)	162							
Minimum required capital and reserve funds, per specified risk type, based on risk-weighted exposure (item 160 multiplied with item 170, column 3)	163							

1. **Relates to items such as capital floors, add-ons to risk weighted exposure, etc.**

D2. CAPITAL ADEQUACY

(All amounts to be rounded off to the nearest '000)

Summary information in respect of capital adequacy	Line no.	Percentages (Home)			Percentages (Host)[7]		
		Common equity tier 1 capital and reserve funds	Tier 1 capital and reserve funds	Total	Common equity tier 1 capital and reserve funds	Tier 1 capital and reserve funds	Total
		1	2	3	4	5	6
Base minima[1, 2]	164						
Add-on: idiosyncratic requirement specified by the Authority[3]	165						
Minimum required ratio, prior to buffers (total of items 164 and 165)	166						
Add-on: systemically important bank (SIB)[4]	167						
Add-on: countercyclical buffer[5]	168						
Add-on: conservation buffer[6]	169						
Total minimum required ratio (total of items 166 to 169)	170						
Capital adequacy ratio of the reporting bank	171						

1. **Includes pillar 2A.**
2. **Refer to regulations 38(8)(e)(i), 38(8)(e)(ii) and 38(9).**
3. **Refer to regulation 38(8)(e)(iii).**
4. **Refer to regulation 38(8)(e)(vi).**
5. **Refer to regulation 38(8)(e)(v) and 38(8)(g).**
6. **Refer to regulation 38(8)(e)(iv) and 38(8)(f).**
7. **Ratios, based on the rules of the relevant foreign/host supervisor. Non-Basel III entities to report total capital only.**

D3. CAPITAL ADEQUACY (All amounts to be rounded off to the nearest '000)

Minimum required capital and reserve funds	Line no.	'000 (Home)			'000 (Host)[3]		
		Common equity tier 1 capital and reserve funds	Tier 1 capital and reserve funds	Total	Common equity tier 1 capital and reserve funds	Tier 1 capital and reserve funds	Total
		1	2	3	4	5	6
Minimum required capital and reserve funds prior to specified floors or add-ons[1]	172						
Additional capital requirement specified by the home/host supervisor[2]	173						
Minimum required capital and reserve funds, including specified floors or add-ons (total of items 172 and 173)	174						
Aggregate amount of qualifying capital and reserve funds	175						
Excess / (shortfall) capital and reserve funds (item 175 minus item 174)	176						

1. **Home: item 160, column 7 multiplied by item 170, column 3. Host: item 161, column 7 multiplied by item 170, column 6.**
2. **To be specified by the Authority in writing.**
3. **Amounts, based on the rules of the relevant foreign/host supervisor. Non-Basel III entities to report total capital only.**

D4. CAPITAL ADEQUACY (All amounts to be rounded off to the nearest '000)

Qualifying capital and reserve funds	Line no.	Common equity tier 1 capital and reserve funds	Additional tier 1 capital and reserve funds	Tier 2 capital and reserve funds	Total (sum of col 1 to 3)
		1	2	3	4
Paid in capital and qualifying instruments	177				
Retained earnings	178				
Accumulated other comprehensive income (and other reserves)[1]	179				
Regulatory adjustments	180				
Aggregate amount of qualifying capital and reserve funds	181				

1. **General allowance for credit impairments and excess amount of provisions over expected losses to be included in column 3.**

E. 1 CREDIT RISK

(All amounts to be rounded off to the nearest '000)

Standardised approach: Summary of credit exposure and risk weighted exposure	Line no.	Credit risk exposure[1]							Credit impairment related information		Credit risk classification			
		On-balance sheet exposure	Off-balance sheet exposure	Repurchase and Resale agreements	Derivative instruments	Total credit exposure (total of col. 1 to 4)	Total credit exposure post CRM	Risk weighted exposure	Impaired advances	Specific credit impairment	Special mention	Sub-standard	Doubtful	Loss
Based on asset class		1	2	3	4	5	6	7	8	9	10	11	12	13
Corporate exposure (total of items 183 and 184)	182													
Corporate	183													
SME corporate	184													
Public sector entities	185													
Local governments and municipalities	186													
Sovereign (including central government and central bank)	187													
Banks	188													
Securities firms	189													
Retail exposure (total of items 191 to 194)	190													
Residential mortgages (including any home equity line of credit)	191													
Retail revolving credit	192													
Retail - other	193													
SME retail	194													
Other assets	195													
Securitisation and resecuritisation exposure	196													
Total (of items 182, 185 to 190, 195 and 196)	197													

1. **Including all relevant amounts reported in item 231.**

E. 2 CREDIT RISK (All amounts to be rounded off to the nearest '000)

Standardised and/or IRB approach: **Credit concentration risk: large exposure to a person**[1] **Name of person**	**Line no.**	**Asset class**[2]	**Total credit exposure**[3]**: exposures exceeding 10% of qualifying capital and reserve funds per person**	**Total credit exposure**[3]**: exposures exceeding 25% of qualifying capital and reserve funds per person**	**Credit risk mitigation**	**Risk weighted value**[4] **of net exposure**
		1	**2**	**3**	**4**	**5**
Private-sector non bank: total	198					
(Specify)	199					
	200					
	201					
Bank/regulated securities firm: total	202					
(Specify)	203					
	204					
	205					
Other: total	206					
Specify)	207					
	208					
	209					
	210					
Total (of items 198, 202 and 206)	211					

1. **Refer to section 73 of the Act and regulations 24(6) to 24(8).**
2. **Based on the following specified keys: 1 = Corporate; 2 = SME corporate; 3 = Public sector entities; 4 = Local government and municipalities; 5 = Sovereign (including central governments and central bank); 6 = Banks; 7 = Securities firms; 8 = Retail; 9 = SME retail 10 = Securitisation or resecuritisation exposure**
3. **Before the application of any credit conversion factor, credit risk mitigation or volatility adjustment.**
4. **After the application of a scaling factor of 1.06 in the case of the IRB approach.**

E.3 CREDIT RISK

(All amounts to be rounded off to the nearest '000)

IRB approach : Summary of credit exposure and risk weighted exposure. Based on asset class	Line no.	Credit Risk Exposure[1]											Credit impairments	
		On-balance sheet exposure	Off-balance sheet exposure	Repurchase and resale agreements	Derivative instruments	Total credit extended[2] (col. 1 to 4)	Total credit exposure (EAD)	*of which*: Defaulted EAD	Average PD %	Average LGD %	Risk weighted exposure[3]	Expected loss	Impaired advances	Specific credit Impairments
		1	2	3	4	5	6	7	8	9	10	11	12	13
Corporate exposure (total of items 213 to 216)	212													
Corporate	213													
Specialised lending	214													
SME corporate	215													
Purchased receivables - corporate	216													
Public sector entities	217													
Local governments and municipalities	218													
Sovereign (including central government and central bank)	219													
Banks	220													
Securities firms	221													
Retail exposure (total of items 223 to 227)	222													
Residential mortgages (including any home equity line of credit)	223													
Retail revolving credit	224													
Retail - other	225													
SME retail	226													
Purchased receivables - retail	227													
Other assets	228													
Securitisation and resecuritisation exposure	229													
Total (of items 212, 217 to 222, 228 and 229)	230													

1. **Including all relevant amounts reported in item 231.**
2. **Not on a EAD basis.**
3. **After the application of a scaling factor of 1.06.**

E.4 CREDIT RISK

(All amounts to be rounded off to the nearest '000)

Standardised / IRB approach: Counterparty credit risk[1] Analysis of OTC derivative instruments and SFT[2] Based on specified risk weights	Line no.	Aggregate total across all relevant approaches										
		Exposure amount[1]			Risk weighted exposure							
		OTC derivative instruments		SFT[2]	Default risk[3]		CVA[4] risk		Central counterparty trade exposure	Qualifying central counterparty default fund	Non-qualifying central counterparty default fund	Total
		Unmargined transactions	Margined transactions		OTC derivative instruments	SFT[2]	Standardised	Advanced				
		1	2	3	4	5	6	7	8	9	10	11
Total	231											

1. **Refer to regulations 23(15) to 23(19) for the relevant directives related to the measurement of a bank's exposure to counterparty credit risk.**
2. **Means Securities Financing Transactions. In accordance with the relevant requirements specified in regulation 23(15), a bank that did not obtain the approval of the Authority to adopt the Internal Model Method, shall calculate its exposure to credit risk arising from securities financing transactions in accordance with the relevant requirements specified in regulations 23(8) and 23(9).**
3. **After the application of a scaling factor of 1.06 in the case of the IRB approach.**
4. **Means credit valuation adjustment.**

F1. LIQUIDITY RISK[1]

(All amounts to be rounded off to the nearest '000)

Description of item	Line no.	Total	Next day	2 days to 1 month	More than 1 month to 2 months	More than 2 months to 3 months	More than 3 months	Non contractual
		1	2	3	4	5	6	7
Contractual exposure:								
Contractual maturity of assets	232							
Contractual maturity of liabilities	233							
On-balance sheet contractual mismatch (item 232 less item 233)	234							
Cumulative on-balance sheet contractual mismatch	235							
Contractual off-balance-sheet exposure	236							
BaU exposure:								
BaU[1] maturity of assets	237							
BaU[1] maturity of liabilities	238							
On-balance sheet BaU mismatch (item 237 less item 238)	239							
Cumulative on-balance sheet BaU mismatch	240							
BaU off-balance-sheet exposure	241							
Stressed exposure:								
Stressed[1] maturity of assets	242							
Stressed[1] maturity of liabilities	243							
On-balance sheet stress mismatch (item 242 less item 243)	244							
Cumulative on-balance sheet stress mismatch	245							
Stressed outflows arising from off-balance-sheet exposure	246							
Total available stress funding	247							
Funding received from 10 largest depositors	248							

1. **Refer to regulation 26 and the form BA300 for the relevant detailed directives.**

F2. LIQUIDITY RISK

(All amounts to be rounded off to the nearest '000)

Liquidity coverage ratio[1] (LCR)	Line no.	Home		Host	
		Total	Weighted total	Total	Weighted total
		1	2	3	4
Total qualifying high-quality liquid assets (total of items 250 to 252)	249				
Level one high-quality liquid assets	250				
Level two high-quality liquid assets	251				
Other qualifying assets/facilities[2] Please specify	252				
Total outflows (total of items 254 to 257)	253				
Retail deposits	254				
Unsecured wholesale funding	255				
Secured funding	256				
Other expected outflows	257				
Total inflows (total of items 259 to 263)	258				
Maturing secured lending transactions	259				
Net inflows from retail and small business	260				
Net inflows from wholesale non-financial institutions	261				
Net inflows from financial institutions and central banks	262				
Other cash inflows	263				
Total net cash outflows (item 253 minus min[item 258, 75% of item 253])	264				
Liquidity coverage ratio (item 249 divided by item 264, multiplied with 100)	265				

1. **Refer to regulation 26(12) for the relevant detailed directives.**
2. **Relates to Alternative Liquidity Approaches as outlined in paragraphs 55 to 67 of Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tools (January 2013).**

G. MARKET RISK

(All amounts to be rounded off to the nearest '000)

Description of item	Line no.	Standardised approach			Internal models approach[1]				Total
		General risk	Specific risk	Options	VaR	sVaR	Specific risk add-on	Incremental risk charge[1]	(of col. 1 to 7)
		1	2	3	4	5	6	7	8
Interest rate risk	266								
Equity position risk	267								
Foreign exchange risk	268								
Commodities risk	269								
Other	270								
Total (of items 266 to 270)	271								
Risk-weighted exposure equivalent amount (item 271 multiplied by 12.5)[2]	272								

1. **Calculated in accordance with the relevant requirements specified in regulation 28(8) read with the relevant requirements specified in this regulation 37.**
2. **Based on the higher of the relevant home or host capital requirement.**

H. INTEREST-RATE RISK: BANKING BOOK

(All amounts to be rounded off to the nearest '000)

Static repricing gap	Line no.	Up to 1 month	More than 1 month to 3 months	More than 3 months to 6 months	More than 6 months to 12 months	More than 12 months to 3 years	More than 3 years to 5 years	More than 5 years to 10 years	More than 10 years	Non-rate sensitive items	Total
		1	2	3	4	5	6	7	8	9	10
Assets[1]	273										
Liabilities[1] and capital and reserve funds	274										
Net static gap excluding derivative instruments (item 273 minus item 274)	275										
Net static gap, including derivative instruments	276										

1. **Excluding derivative instruments.**

I. EQUITY RISK IN THE BANKING BOOK

(All amounts to be rounded off to the nearest '000)

Standardised approach for credit risk[1]	Line no.	Exposure value	Risk weighting	Risk weighted exposure	Capital requirement
		1	2	3	4
Equities - listed and unlisted	277		100%		
Equity specified in writing by the Authority	278		150%		

1. Including the simplified standardised approach for credit risk.

(All amounts to be rounded off to the nearest '000)

IRB approach for credit risk **Market based approach**	Line no.	Exposure value	Risk weighting	Risk weighted exposure[1]	Capital requirement
		1	2	3	4
Simple risk weight method (total of items 280 and 281)	279				
Equities - listed	280		300%		
Equities - unlisted	281		400%		

IRB approach for credit risk **Internal models approach**		Exposure value	Risk weighting floor	Risk weighted exposure[1]		Capital requirement
				Without limit[2]	With limit[3]	
		1	2	3	4	5
Internal models approach (total of items 283 and 284)	282					
Equities - listed	283		200%			
Equities - unlisted	284		300%			
Memorandum item: Diversified amount	285					

1. **After the application of a scaling factor of 1.06.**
2. **Means the relevant risk weighted exposure amount prior to the application of the specified risk weighting floor, if relevant.**
3. **Means the relevant risk weighted exposure amount after the application of the specified risk weighting floor, when relevant.**

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(All amounts to be rounded off to the nearest '000)

IRB approach for credit risk PD/LGD approach	Line no.	Exposure value		Average risk weighted exposure[1]	Capital requirement
		Total	In respect of which the 1,5 scaling factor applies		
		1	2	3	4
Total (of items 287 and 288)	286				
Total of performing categories	287				
Total of default categories	288				

1. **After the application of a scaling factor of 1.06.**

(All amounts to be rounded off to the nearest R'000)

Equity investment in funds[1]	Line no.	Exposure value	Risk weighting	Risk weighted exposure	Capital requirement
		1	2	3	4
Look-through approach	289				
Mandate-based approach	290				
Fall-back approach	291		1250%		

1. **Relates to all banks, irrespective of whether the bank adopted the standardised approach or IRB approach for the measurement of the bank's exposure to credit risk.**

J. 1 OPERATIONAL RISK

(All amounts to be rounded off to the nearest '000)

Summary information relating to required capital and reserve funds and risk weighted exposure	Line no.	Gross income			Loans and advances[1]			Relevant risk exposure	Percentage requirement	Capital requirement
		Financial year -3	Financial year -2	Financial year -1	Year -3	Year -2	Year -1			
		1	2	3	4	5	6	7	8	9
Basic indicator approach	292								15%	
Standardised approach[1]: gross income derived from- (total of items 294 to 301)	293									
Corporate finance	294								18%	
Trading and sales	295								18%	
Retail brokerage	296								12%	
Commercial banking	297								15%	
Retail banking	298								12%	
Payment and settlement	299								18%	
Agency services	300								15%	
Asset management	301								12%	
Alternative standardised approach[1] (total of items 303 to 306)	302									
Commercial banking[1, 2]	303								15%	
Retail banking[1, 2]	304								12%	
Commercial banking and retail banking[1, 3]	305								15%	
Business lines other than commercial banking and retail banking[1, 4]	306								18%	
Advanced measurement approach	307									
Capital requirement in respect of operational risk (total of items 292, 293, 302 and 307)	308									
Risk weighted exposure equivalent amount	309									

1. A bank that obtained the approval of the Authority to apply the alternative standardised approach shall complete items 303 to 306, instead of items 294 to 301. Refer to the relevant directives specified in regulation 33(8)(c).
2. Refer to regulation 33(8)(c)(ii)(A).
3. Refer to regulation 33(8)(c)(ii)(B).
4. Refer to regulation 33(8)(c)(ii)(C).

J. 2 OPERATIONAL RISK

(All amounts to be rounded off to the nearest '000)

Reconciliation of gross income	**Line no.**	**Financial year -3**	**Financial year -2**	**Financial year -1**
		1	**2**	**3**
Gross operating income (item 137)	310			
Adjustments[1, 2] (total of items 312 to 318)	311			
Income derived from insurance	312			
Operating expenses, including fees paid by the reporting bank to service providers in respect of outsourcing	313			
Realised profits/losses on sale of securities held in the banking book	314			
Impairment	315			
Extraordinary or irregular items	316			
Adjusted prior period errors	317			
Other adjustments (please specify)	318			
Gross income (item 310 minus item 311)	319			
Hash total	320			

1. To the extent that these items are included in item 307 above.
2. Report any relevant expense or other amount to be deducted from gross operating income as a negative amount.