

JOINT COMMUNICATION 5 OF 2023

REGULATORY REPORTING IN TERMS OF JOINT STANDARD 2 OF 2020 – MARGIN REQUIREMENTS FOR NON-CENTRALLY CLEARED OVER THE COUNTER DERIVATIVE TRANSACTIONS

On 31 August 2022, the Financial Sector Conduct Authority and the Prudential Authority (the Authorities) published the Joint Discussion Document¹ on regulatory reporting requirements applicable to providers and counterparties in terms of Joint Standard 2 of 2020 on Margin Requirements for non-centrally cleared over the counter derivative transactions (Joint Standard). Comments were invited from all interested persons.

In terms of paragraphs 6A(1) and (2) of the Joint Standard, the Authorities may determine regulatory reporting requirements for providers and counterparties through a notice on their respective websites. The purpose of this Joint Communication is to provide an update on the regulatory reporting templates and related requirements.

The Authorities, at a future date and through a Joint Notice, intend to issue the determination of the form, manner, and frequency of the regulatory reporting requirements as well as the date by which the regulatory reporting return must be submitted. To allow providers and counterparties sufficient time to prepare for the implementation of the reporting requirements, the Authorities hereby communicate the reporting metrics that will be used in the reporting template.

Annexure A outlines the information to be reported to the Authorities in terms of paragraphs 6A(1) and (2) of the Joint Standard. This information must be reported by both a provider that enters into non-centrally cleared over the counter derivative transactions with a counterparty or a foreign counterparty, and a financial institution that is a counterparty as defined in Joint Standard 2 of 2020.

This Joint Communication is available on the websites of the Authorities at www.fsca.co.za and www.resbank.co.za.

Requests for further information about this Joint Communication, the Joint Discussion Document, and the Joint Standard may be submitted via email to queries.otc@fsca.co.za and marginrequirements@resbank.co.za.

¹ See: Prudential Authority website at <https://www.resbank.co.za/content/dam/sarb/publications/prudential-authority/pa-public-awareness/covid-19-response/2022/joint-communication-2-of-2022/Joint%20Discussion%20Document%20Eligible%20collateral%20and%20regulatory%20reporting%20requirements%20for%20publication%20to%20PA.pdf> and on Financial Sector Conduct Authority website at <https://www.fsca.co.za/Regulatory%20Frameworks/Documents%20for%20Consultation/Joint%20Discussion%20Document%E2%80%93Expansion%20of%20Eligible%20Collateral%20Types%20and%20Regulatory%20Reporting%20Requirements.zip>



Unathi Kamlana
Commissioner
FINANCIAL SECTOR CONDUCT AUTHORITY

DATE: 08/12/2023

Fundi Tshazibana
Chief Executive Officer
PRUDENTIAL AUTHORITY

DATE:

Annexure A-regulatory reporting metrics

Primary	Secondary	Field data type	Netting set 1 value	...	Netting set (n) value
Portfolio ID		String			
Counterparty name		String			
Counterparty ID (company registration number)		String			
Product Class		Enumeration (Credit, commodities, equity, foreign exchange, interest rate and others)			
Gross notional exposure (R'000)		Double (with two decimal points)			
Independent amount (R'000)		Double (with two decimal points)			
Calculated initial margin for the reporting institution (R'000)		Double (with two decimal points)			
Calculated initial margin for the counterparty (R'000)		Double (with two decimal points)			
Calculated variation margin (R'000)		Double (with two decimal points)			
Collateral posted - initial margin	Type (ZAR cash, non-ZAR cash, Gold etc.)	String concatenation with commas delimitation (Currency, Asset, Instrument, e.g; ZAR, cash, N/A or ZAR bond R186)			
	Amount (R'000)	Double (with two decimal points)			
	Applicable haircut (%)	Double (with two decimal points)			
Collateral received - initial margin	Type (ZAR cash, non-ZAR cash, Gold etc.)	String concatenation with commas delimitation (Currency, Asset, Instrument, e.g; ZAR, cash, N/A or ZAR bond R186)			
	Amount (R'000)	Double (with two decimal points)			
	Applicable haircut (%)	Double (with two decimal points)			
Collateral posted/received - variation margin	Type (ZAR cash, non-ZAR cash, Gold etc.)	String concatenation with commas delimitation (Currency, Asset, Instrument, e.g; ZAR, cash, N/A or ZAR bond R186)			
	Amount (R'000)	Double (with two decimal points)			
	Applicable haircut (%)	Double (with two decimal points)			
Comments		Open text			