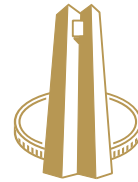


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SOUTH AFRICAN RESERVE BANK

File ref no.: 15/6/3

Financial Stability Department

Invitation to comment on a discussion document on the repo facility to assist non-bank financial institutions with liquidity during a market dysfunction

The South African Reserve Bank (SARB) has published a discussion paper titled ‘Repo facility to assist non-bank financial institutions with liquidity during a market dysfunction’. The purpose of the discussion paper is to solicit public comment on the necessity, feasibility, scope and design features of such a facility.

The primary objective of the SARB is to protect the value of the currency in the interest of balanced and sustainable economic growth in South Africa. In addition, the SARB’s mandate and function of protecting and enhancing financial stability in the Republic of South Africa is affirmed in the Financial Sector Regulation Act 9 of 2017 (FSR Act). In support of the SARB’s financial stability mandate, the SARB may be required to intervene when there is a crisis or a market dysfunction. In terms of section 11 of the FSR Act, the SARB is responsible for protecting and enhancing financial stability in normal times or, when a systemic event has occurred or is imminent, restoring or maintaining financial stability. The South African Reserve Bank Act 90 of 1989 also authorises the SARB to provide liquidity by means of collateralised loans.

The discussion paper sets out considerations for a repo facility which the SARB intends to offer to non-bank financial institutions (NBFIs) to address liquidity shortages during episodes of severe market dysfunction to mitigate the risk of a systemic event. This facility would not be a standing facility or form part of the SARB’s open market operations but would only be made available to eligible NBFIs in episodes of market dysfunction and not idiosyncratic crisis events.

Contact details and due date for comments:

Comments on the aforementioned documentation must be made using the attached comments template and be submitted to FST-RPD@resbank.co.za for the attention of Mr Nkululeko Godana and Mr Jacques Botes on or before 26 January 2024.

Any enquiries regarding this communication should also be directed to the following email address: FST-RPD@resbank.co.za.