THE BANKING ASSOCIATION SOUTH AFRICA

Tel +27 11 645 6700
Fax +27 11 645 6800
P O Box 61674
Marshalltown 2107
www.banking.org.za

3rd Floor Building D
Sunnyside Office Park
32 Princess of Wales Terrace
Parktown 2193

13 March 2019

Bank for International Settlements
Centralbahnplatz 2
4051 Basel
Switzerland

Doc Ref: NOBAMBOM/#259511_V1
Your ref: 13032019
Direct ☎: +27 11 645 6753
E-🖂: nobambom@banking.org.za

Attention:

Dear Sir/Madam

CONSULTATIVE DOCUMENT:

REVISIONS TO LEVERAGE RATIO DISCLOSURE REQUIREMENTS

The Banking Association South Africa ("BASA") and its members welcome the opportunity to submit comments in respect of the consultation document in relation to revisions to leverage ratio disclosure requirements.

We are supportive of steps being taken to dis-incentivise "window dressing " activities. Furthermore, we agree with the Basel Committee on Banking Supervision's ("the Committee") concern that the "proposed disclosure of the average values of central bank reserves could have an impact on banks' willingness to utilise central bank liquidity facilities or whether such disclosure might inappropriately reveal the use of such facilities". The reporting is not seen as a disincentive during normal trading conditions for a bank, but during times of stress. In examining this concern, the potential use of the national discretion option was contemplated either as it currently stands or through supplementary criteria being published by the Committee. In either scenario, if the exemption is granted on an industry or per Bank basis the perception / market signal may be that significant stress is being experienced either in the economy as a whole - potential rating concerns - or by a particular bank - potential liquidity / rating concerns. With the above in mind it is proposed that the required disclosure on central bank reserves be done on a bilateral basis with the relevant regulator and not published in the Pillar 3 disclosure.

The new leverage ratio disclosure requirements are extensive from both a quantitative as well as a qualitative perspective. As we stand today, we would not be in a position to comply with the proposed requirements, due to systems and resource constraints. However, with the implementation date for these additional disclosure requirements being 1 January 2022, we should be in a position to be fully compliant by then.

Yours sincerely

____

N Mlandu
Manager - Prudential Division