

Banking Supervision Dept.

26 December 2009

1357 IBCS/009

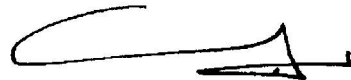
From : Saudi Arabian Monetary Agency
To : All Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : **Basel Committee Papers on Basel II Framework**

The Basel Committee on Banking Supervision has issued a number of Papers related to the Basel II Framework in July 2009 in their final form. SAMA had earlier issued the first two papers to Saudi Banks in January 2009 at the Consultative Draft stage and sought the Banks' comments. These papers are aimed at enhancing the Basel II framework in light of the experience gained by the Banks and Regulatory authorities during the recent global financial crisis. These include the following:

- July 2009 – Basel II Market Risk Framework
- July 2009 – Guidelines for Computing Capital for Incremental Risk in Trading Books
- October 2009 – Analysis of Trading Book Quantitative Impact Study

We recommend that all Banks currently engaged in implementing Basel II in Saudi Arabia should ensure that their staff involved in the implementation of Basel II project are fully aware of these papers and should take appropriate actions to benefit from these standards and guidance. Bank staff in other areas such as Risk Management, Financial Controls, Compliance Function and Internal Audits should also be familiar with these. In light of these papers, the Agency, over the next few months, will also update its guidance documents to Saudi Banks on the Basel II framework. These documents should be accessed from the Bank for International Settlements website address: (<http://www.bis.org>).

If you need any further information, you may contact Mr. Fahd Al-Mufarrij at telephone number (01)466-2305 or Mr. Tariq Javed at (01)466-2532.



Dr. Abdulrahman Al-Hamid
Vice Governor

Encl.: a/s