

9040774790

Saudi Arabian Monetary Agency

Banking Supervision Dept.

14 November 2009

07.000 /BCSI/ 1009

From : Saudi Arabian Monetary Agency
To : All Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : **Report on Special Purpose Entities**

The Basel Committee on Banking Supervision has published a Report on Special Purpose Entities in September 2009. This came out of a study by The Joint Forum, which includes the Basle Committee on Banking Supervision, International Organization of Securities Commissions, and the International Association of Insurance Supervisors.

The Report provides background on a variety of special purpose entities (SPE's) found across the financial sectors, the motivation of market participants to use these structures and risk management issues that arise. The recommendations of the Report are addressed to both the market participants and to supervisory community. Your Bank should access this paper on the website of the Bank for International Settlements (<http://www.bis.org>), IOSCO (<http://www.iosco.org>) and the IAIS (<http://www.iaisweb.org>).

The purpose of SAMA in forwarding this Report to your Bank is to ensure that the relevant managers in your institution and your subsidiaries are fully apprised of these recommendations and are able to adopt these in appropriate policies and procedures in your institution. The Agency will also be taking into consideration the recommendation of this Report in its on-going work on the regulation of subsidiaries and Special Purpose Vehicles.

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

٢٦٦٦٢