

Saudi Arabian Monetary Agency

BANKING CONTROL



From : Saudi Arabian Monetary Agency (SAMA)
To : All Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : **Basel core principles**

The Basel Committee on Banking Supervision revised October 2006 *Core principles for effective banking supervision* and the associated *Core principles methodology*. These revisions in the Core Principles were then endorsed by banking supervisors at the 17th International Conference of Banking Supervisors held in Istanbul, Turkey, on 13-14 September 2012. Since then, there has been no change but Basel Committee will continue to look into these principles to suggest any additions in future.

Both the existing Core Principles and the associated assessment methodology have served their purpose well in terms of helping countries to assess their supervisory systems and identify areas for improvement. While conscious efforts were made to maintain continuity and comparability to the extent possible, the revised document (issued in September 2012) combined the Core Principles and the assessment methodology into a single comprehensive document. The revised set of twenty-nine Core Principles has also been reorganized to foster their implementation through a more logical structure, highlighting the difference between what supervisors do and what they expect banks to do.

These principles are useful for both regulators and the banks. Principles 1 to 13 address supervisory powers, responsibilities and functions, focusing on effective risk-based supervision, and the need for early intervention and timely supervisory actions. Principles 14 to 29 cover supervisory expectations of banks, emphasizing the importance of good corporate governance and risk management, as well as compliance with supervisory standards.

Banks should access the BCBS document from BIS website www.bis.org and continue to follow these standards to enhance their risk management processes and procedures and corporate governance.

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