

Saudi Arabian Monetary Agency

Banking Supervision Dept.

21 December 2010

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From : Saudi Arabian Monetary Agency

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers

Subject : **Basel Committee Documents published on 16 December 2010:**
(1) Basel III – Global Framework for More Resilient Banks and Banking System; (2) Basel III – International Framework for Liquidity Risk Measurement Standards and Monitoring; and (3) Results of the Quantitative Impact Study

On 16 December 2010, the Basel Committee on Banking Supervision has issued the rules text, which presents the details on Global Regulatory Standards on Bank Capital Adequacy and Liquidity agreed by the Governors and Heads of Supervision, and endorsed by the G-20 Heads of State at their November 2010 Summit in Seoul, Korea. The Committee has also published the results of its comprehensive Quantitative Impact Study (QIS).

These documents are of interest to all banks in Saudi Arabia that have currently implemented the Basel II framework and are now preparing to move on to Basel III. Banks are expected to review these documents and start developing their plans for implementation of Basel III. Banks should study these carefully and become familiar with the rules text. Over the next few months, SAMA will be issuing specific guidance documents to banks on these subjects including SAMA's position in areas where national discretion is to be applied. SAMA will also issue revised or new prudential returns related to these topics.

The Basel Committee has also released the results of the Quantitative Impact Study (QIS) that was carried out in 2009 and 2010. The QIS covered the impact on banks due to proposed rules relating to new Regulatory Capital and Liquidity. The results of the QIS should be of interest to all banks, particularly to the three (3) Saudi Banks that participated in this study.

You can access the paper from the BIS website address:
(<http://www.bis.org>).

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