



From : Saudi Arabian Monetary Agency

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers

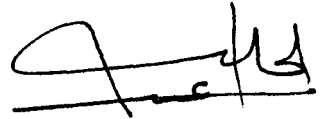
Subject : **Saudi Arabian Trade Repository**

- 1) In order to improve transparency in the derivatives markets, mitigate systemic risk and protect against market abuse, SAMA has decided to establish and operationalize under its supervision and control, a local Trade Repository. The establishment of Trade Repository will also address one of the recommendations of the Financial Stability Board (FSB) as contained in its report on "Implementing OTC Derivatives Market Reform" issued on 25th October 2010.
- 2) This Trade Repository has been established by SAMA in pursuance of Article 16(3) of the Banking Control Law. The scope, coverage and reporting requirements for the Trade Repository are detailed hereunder:
 - i. The Trade Repository is to be known as "Saudi Arabian Trade Repository (SATR)";
 - ii. The Trade Repository will be fully operationalized in two phases, as under:
 - a. Phase-I: Phase-I will primarily focus on providing a basic Trade Repository functionality in Saudi Arabia. The aim of Phase-I is to set-up IT infrastructure by building a scalable centralized registry that maintains an electronic database of records of transactions. In this Phase, the data will be reported by banks in respect of two asset classes i.e. Foreign Exchange (FX) and Interest Rate Swaps (IRS);
 - b. Phase-II: Phase-II of the project is expected to be launched in the medium term after successful completion of Phase-I. In this Phase, the number of data reporting institutions as well as the coverage of asset classes will be expanded.

- iii. All banks and other market participants supervised by SAMA in OTC derivatives business will be required to report data to SATR. However, this requirement for mandatory reporting of OTC Derivative Products to the SATR will be implemented in a phased manner as under:
 - a. In Phase-I, Saudi banks are required to submit data to SATR. The banks have already started submission of initial set of data from 17 November 2012, and the SATR went live on 8th December 2012;
 - b. In Phase-II, the coverage of reporting institutions will be expanded whereby all banks and other market participants supervised by SAMA will be required to report data on their OTC derivatives transactions. However, the requirement of mandatory data reporting by such institutions will be subject to their meeting a minimum threshold of OTC derivatives business volume to be specified by SAMA in due course;
- iv. In Phase I, the reporting banks are initially required to submit data on OTC Derivative Products belonging to the FX and IRS asset classes only. In Phase-II, the coverage of asset classes to be reported will be expanded thereby requiring the reporting institutions to report data on other OTC Derivatives asset classes as well;
- v. Trade information will be submitted to the repository by one or both trade counterparties, and typically cover information such as transaction maturity, price, reference entity and counterparty;
- vi. Data submitted by the reporting institutions will be initially retained and exclusively used by SAMA for its regulatory and monitoring purposes. However, SATR may publically disclose data on an aggregate basis in due course.
- vii. The User access rights to data reported by institutions and other related issues are covered by an operational document called "Saudi Arabian Trade Repository – Participants Reporting Guidelines", which is enclosed;
- viii. Governance of the Trade Repository functionality will be provided through establishment of a Steering Committee which will provide management and oversight of the SATR. The Steering Committee will ensure that SATR adheres to the relevant Rules and Regulations including Data retention and Data Confidentiality Rules in Saudi Arabia;

- 3) In order to provide flexibility given the evolving global developments related to derivatives regulation, SAMA has hereby set out the high level regulatory requirements for the establishment of the Trade Repository. The operational details for data submission to the SATR are contained in the enclosed document viz. "Saudi Arabian Trade Repository – Participants Reporting Guidelines". SAMA will review the scope, coverage and data collection requirements of the Trade Repository from time to time and may amend the same as deemed appropriate.

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