

**Banking Supervision Dept.**

From : Saudi Arabian Monetary Agency  
To : All Banks  
Attention : Managing Directors, Chief Executive Officers and  
General Managers  
Subject : **SAMA's Finalized Guidance and Prudential Returns  
Concerning Amended Liquidity Coverage Ratio (LCR)  
based on BCBS Amendments of January 2013**

A major initiative announced by the Basle Committee in its Basel III reforms package issued in December 2010 is related to Minimum Liquidity Ratios Standards to strengthen global liquidity regulations with the goal of promoting a more resilient banking sector.

In this respect, we refer to SAMA Circular # BCS 14522 of 8 February 2012, through which SAMA introduced the monitoring of the BCBS Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR). Saudi banks have been providing their quarterly LCR and NSFR ratios to date since January 2012.

Subsequently, the BCBS has refined the LCR, and issued the final rules in January 2013. The amended LCR was approved by the BCBS and Governor and Heads of Supervision (GHOS) forums in January 2013. In this respect, the following documents were issued in January 2013 by the GHOS and BCBS and can be obtained from BIS website: [www.bis.org](http://www.bis.org).

- A GHOS Press Release was issued entitled "Group of Governors and Heads of Supervision endorses revised liquidity standard for banks"
- A BCBS document entitled "Basel III: The Liquidity Coverage Ratio and Liquidity Monitoring Tool".

The above finalized BCBS documents were implemented by SAMA at a draft stage through its circular # 58316 dated 19 March 2013 for banks to provide comments. Banks comments were received and deliberated upon by SAMA, and responses were provided to the banks through SAMA's Frequently Asked Questions (FAQs) document of March 2013.

Consequently, the Agency is now circulating through this Circular its finalized package of the BCBS Amended LCR for implementation. Accordingly, this package includes the following documents:

1. General Guidance Notes (Attachment # 1)
2. Specific Guidance Notes (Attachment # 2)

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3. Prudential Returns (Attachment # 3)
4. SAMA's response to FAQs (Attachment # 4)
5. SAMA's National Discretions (Attachment # 5)

Accordingly, the attached Prudential Returns should be completed on the basis of the above guidance documents, and banks may contact SAMA for any clarifications with regard to National Discretions (attachment # 5).

With regard to NSFR calculation, there is no change in the attached package of SAMA's Prudential Returns, as it continues to be based on the SAMA's circular # 14552 of 8 February 2012. In this respect, going forward BCBS is planning to align the NSFR with the changes agreed under LCR. The NSFR will be revised in due course. In the meantime, the Banks must continue to submit the data as currently required.

With regard to the submission of the attached Prudential returns (Amended LCR), all Banks (except foreign bank's branches) will be expected to provide their returns to SAMA on a monthly basis from month ending 30<sup>th</sup> June 2013 within 30 days of each month end. However, given the significant changes in the amended LCR calculations, SAMA will provide additional time to banks for the first set of Prudential returns. This is in order to introduce the necessary systems changes and enhancements. Consequently, for the first submission of attached prudential returns (Amended LCR) for data as of 30 June 2013 should be provided by 30 September 2013 while all subsequent monthly submissions are to be provided within 30 days following each month end.

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**Abdulaziz Al-Helaissi**  
*Deputy Governor for Supervision*