

Saudi Arabian Monetary Authority (SAMA) Trade Repository (TR) Operator Rules and Regulations.



Definitions

The following terms and phrases, where used in these Rules and Regulations, shall have the corresponding meanings, unless the context requires otherwise :

SAMA: the Saudi Arabian Monetary Authority.

Derivative Position Information: information about positions relating to Derivative Transactions reported in accordance with the Reporting Requirements.

Derivative Trade Data: includes Derivative Transaction Information and Derivative Position Information.

Linked Entities: other Derivative Trade Repositories, payment systems, central securities depositories, securities settlement systems, central counterparties and other service providers (e.g. collateral management, portfolio reconciliation or portfolio compression service providers) with which the Operator has operational and contractual arrangements in connection with the acceptance, retention, use, disclosure and provision of access to Derivative Trade Data.

Non-Trade Reporting Services: means services other than Trade Reporting Services, and includes Ancillary Services.

Operator: an entity that is authorised by SAMA to operate a derivative trade repository.

Participant: an Entity that reports Derivative Transaction Information or Derivative Position Information, to which a Trade Repository provides Trade Reporting Services.

Reporting Entity: an entity that is required to report Derivative Transaction Information or Derivative Position Information in accordance with SAMA Reporting Requirements.

Reporting Requirements: reporting requirements as prescribed in SAMA Trade Repository Guidelines.

Rules and Regulations: these derivative trade repository Rules and Regulations.

Trade Reporting Services: all services provided by the Trade Repository for the acceptance, retention, use, disclosure and provision of access to Derivative Trade Data, including any services for the acceptance, retention, use, disclosure and provision of access to Derivative Trade Data.

General Requirements

The Trade Repository (TR) is required to meet the governance and operational standards recommended by the Committee on Payment and Settlement Systems (CPSS) and the International Organization of Securities Commissions (IOSCO) including standards relating to governance, market transparency and data availability, operational reliability, access and participation, safeguarding of data, timely recordkeeping and communication procedures and standards.

Asset Classes

SAMA determines the classes of derivative for which reporting requirements could be made. The broad asset classes of derivatives which may be subject to reporting requirements are:

- (a) Interest rates;
- (b) Credit;
- (c) Equities;
- (d) Foreign exchange; and
- (e) Commodity derivatives

The Trade Repository must be in a position to accept derivative trade reports for all asset classes specified above. SAMA may require the reporting requirements for these asset classes be implemented by the operator in different phases. Trade Repository reporting service for any additional asset classes beyond those specified above would need SAMA's approval.

Access and Participation Requirements

(1) Operator must have and apply objective conditions for access to and participation in the Trade Repository's services that permit open and non-discriminatory access to and participation in the Trade Repository by Participants.

(2) The access and participation conditions referred to in (1) above must include conditions reasonably designed to ensure Participants do not pose undue risks to the secure, efficient and effective operation of the Trade Repository.

(3) The access and participation conditions referred to in (1) above, other than the conditions in (2), must not unreasonably prohibit or limit access to or participation in the Trade Repository and the Operator must not impose unreasonable conditions on participation or access.

(4) Operator must monitor compliance with its access and participation conditions on an ongoing basis and have clearly defined procedures for dealing with a participant that breaches or no longer meets the access or participation conditions.

Cyber Security, Efficiency, Effectiveness and resilience of Services

Operator must consider the need of high availability of business operations and enhance the resilience capability to ensure continuity and availability of the operations and services. Therefore, the operator must comply with SAMA Business Continuity Framework and, at a minimum, ensure;

- (1) That the Trade Repository's services are provided at all times in a secure, efficient and effective manner.
- (2) To establish, implement, maintain and enforce mechanisms for regularly reviewing whether the Trade Repository is efficient and effective in meeting the requirements of participants, SAMA, and the markets it serves.
- (3) To address cyber security risks and ensure it properly maintains the protection of operators' assets. In this regard, the operator is required to comply with SAMA Cyber Security Framework and periodically assess and evaluate the effectiveness of the framework controls against the maturity level requested by SAMA.
- (4) To define and develop data classification in an organized categories to assign a level of sensitivity to data. The operator's data classification should ensure its confidentiality, integrity, and availability based on need-to-know principles and;
- (5) To implement adequate mechanism to ensure the privacy of the data collected in the Trade Repository

Note: For example, Operator should regularly review its minimum service levels, operational reliability, cost-effectiveness pricing, and controls.

Acceptance of Derivative Trade Data

- (1) Operator must accept from Participants Derivative Trade Data for all classes of Derivatives specified in this Rules and Regulations.
- (2) Operator must establish, implement, maintain and enforce policies, procedures, systems and controls for the reporting of Derivative Trade Data to the Trade Repository.
- (3) Without limiting (2) above, Operator must establish, implement, maintain and enforce policies, procedures, systems and controls:

- (a) reasonably designed to maintain a continuous, reliable and secure connection between the Trade Repository and Participants for the purposes of accepting Derivative Trade Data; and
- (b) designed to provide reasonable assurance that Derivative Trade Data reported to the Trade Repository by Participants is and remains at all times complete, accurate and current.

Retention of Derivative Trade Data

- (1) Operator must ensure that all Derivative Trade Data accepted by the Trade Repository, and each alteration and correction to that Derivative Trade Data, is recorded on a timely basis.
- (2) Operator must retain all records of Derivative Trade Data accepted by the Trade Repository, and records of each alteration or correction to that Derivative Trade Data, from the date the record is first made until ten years have elapsed since the Derivative to which the record relates expires or terminates.
- (3) Operator must ensure that each record referred to in (2) above is, for the period of time that the record must be retained in a secure location and in an electronic format, and is immediately accessible by the Operator and SAMA.
- (4) Operator must create at least one backup copy of each record referred to in (2) above and must ensure that, for the period of time that the record must be retained, the backup copy is retained in a secure location and in an electronic format, separate from the location of the record, and is accessible by the Operator and SAMA within 3 business days.

Provision of Access to Derivative Trade Data

(A) Participant Access

- (1) Operator must provide each Participant with access to the records of the Derivative Trade Data that the Participant has reported to the Trade Repository, including access for the purposes of making necessary corrections or alterations to that Derivative Trade Data.
- (2) To the extent not provided under (1) above, Operator must provide each Participant with access to the records of each Derivative for which the Participant is a counterparty.
- (3) Operator must ensure that its rules, procedures and contractual arrangements relating to the provision of access to Derivative Trade Data clearly define the categories of access available to Participants, if there is more than one category.

(4) Operator is not required to provide access under this condition to an entity that is suspended from being, or has ceased to be, a Participant in the Trade Repository by SAMA.

Note: Operator's rules, procedures and contractual arrangements must also clearly define the rights and obligations of Participants with respect to the provision of access to Derivative Trade Data.

(B) Provision of Access to Saudi Arabian Monetary Authority (SAMA)

(5) Operator must provide SAMA, if requested by SAMA and at no charge, continuous, direct and immediate electronic access to the following information retained in the Trade Repository:

- (a) All Derivative Trade Data reported by Participants in accordance with the Reporting Requirements; and
- (b) All information (including statistical data) that is created or derived from Derivative Trade Data referred to in (a) above.

Note 1: Direct access may be provided through an electronic system, platform or framework that provides secure internet or web-based access to Derivative Trade Data, or by way of a direct real-time feed of Derivative Trade Data.

Note 2: Under this condition, Operator will be required to provide access to aggregate-level data, position-level data and transaction-level data (including the identity of counterparties).

(6) If the Operator receives a request from SAMA for Derivative Trade Data retained in the Trade Repository, including a request for Derivative Trade Data referred to in (5) above, it must comply with any such requirement specified in the request to provide the Derivative Trade Data:

- (a) On an ad hoc or periodic basis, or each time a particular circumstance or event occurs;
- (b) By a specified time; and/or
- (c) In a specified format.

(7) If the Operator receives a request from any party other than SAMA (Domestic or Foreign) for Derivative Trade Data retained in the Trade Repository, it must first obtain SAMA's permission before such request is processed.

Publication of Statistical Data

(A) Obligation to Create and Disclose Weekly Statistical Data

(1) Operator must create and disclose statistical data on Derivative Trade Data that is retained in the Trade Repository and that was reported to the Trade Repository by Participants.

(2) For the purposes of (1) above, Operator must, for each 7-calendar day period commencing from the day it first accepts a report of Relevant Derivative Trade Data, create the following statistical data from the Relevant Derivative Trade Data:

- (a) All aggregate open positions as at the end of the last day in the Relevant Period for which the statistical data is created; and
- (b) Volumes by number and by value of Derivative Transactions reported during the Relevant Period.

(3) The statistical data created in accordance with (2) above must include breakdowns by the following categories.

- (a) The asset class, currency of the notional amount, type and maturity of the Derivatives to which the statistical data relates;
- (b) The geographic location of the reference asset, rate, index, commodity or other thing underlying the Derivatives to which the statistical data relates; and
- (c) Whether the Derivatives to which the statistical data relates are cleared or uncleared.

(4) Operator must disclose the statistical data required under (1)–(3) above in relation to a Relevant Period, from a day that is between 3–5 business days after the day on which the Relevant Period ends.

(5) Operator must disclose the statistical data required under (1)–(3) by making the statistical data available at no charge and through a publicly accessible website.

(6) The statistical data published under this condition must not include Derivative Trade Data capable of identifying a counterparty to a Derivative Transaction.

(B) Permission to Create and Disclose Financial Year-to-Date Statistical Data

(7) Operator must publish the weekly statistical data created and disclosed in accordance with the above paragraphs aggregated in financial-year-to-date form, by making the aggregated financial year-to-date statistical data available at no charge and through a publicly accessible website.

(8) The statistical data published under this condition must not include Derivative Trade Data capable of identifying a counterparty to a Derivative Transaction.

Governance, Management and Resources

(A) Governance

(1) Operator must establish, implement, maintain and enforce documented arrangements for the governance and management of the Trade Repository that are clear and transparent, promote the secure, efficient and effective operation of the Trade Repository, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of Participants.

(2) The governance arrangements referred to in (1) above must provide for:

- (a) Clear and direct lines of accountability in the governance and management of the Trade Repository;
- (b) Clearly defined roles and responsibilities for Operator's employees, management, and members of its Board of Directors in the governance and management of the Trade Repository, including roles and responsibilities in relation to the identification, measurement, monitoring and management of risks;
- (c) Clearly defined decision-making processes, including processes for:
 - (i) Decision making in crises and emergencies; and
 - (ii) Ensuring significant decisions in relation to the design, rules or overall strategy of the Trade Repository are made taking into account the objectives of Participants and, where appropriate, are disclosed to Participants; and
- (d) Internal control functions to be exercised by persons with adequate authority, independence, resources, and access to the governing body and senior management to perform the control function.

Note: For example, internal control functions include risk, compliance, audit and other review functions.

(B) Handling of Conflicts of Interest

(3) Operator must establish, implement, maintain and enforce documented arrangements for identifying and effectively managing (including by avoiding, controlling or disclosing) any actual or potential conflicts between:

- (a) The interests of the Operator, its related bodies corporate or members of its Board of Directors, and the interests of Participants;

- (b) The interests of different Participants; and
- (c) The interests of the Operator, its related bodies corporate or members of its Board of Directors, and the need to ensure the Trade Repository's services are provided in a secure, efficient and effective manner.

(C) Monitoring and Enforcement of Compliance with Obligations

- (4) Operator should appoint a chief compliance officer responsible for reviewing compliance with applicable legislation, identifying and resolving conflicts of interest and completing and certifying an annual compliance report.
- (5) Operator must establish, implement, maintain and enforce policies, procedures, systems and controls for monitoring and enforcing compliance by its employees with these Rules, SAMA's Trade Repository Guidelines and any other applicable laws.
- (6) Without limiting (2) above, Operator must ensure that the arrangements, rules, procedures, policies, plans, systems and controls required by these Rules are reviewed, audited and tested periodically and after significant changes, to ensure compliance with these Rules.

(D) Risk Management

- (7) Operator must establish, implement, maintain and enforce policies, procedures, systems and controls to identify, measure, monitor and effectively manage risks to the secure or efficient or effective operation of the Trade Repository, including legal, operational, business and cyber security risks.
- (8) In establishing, implementing, maintaining and enforcing the policies, procedures, systems and controls required by (1) above, Operator must take into account, at a minimum, legal, operational, business and cyber security risks that arise or may arise:
 - (a) From Participants;
 - (b) In relation to the Operator's operational and contractual arrangements with Linked Entities; and
 - (c) From the provision of Non-Trade Reporting Services by the Operator, a related body corporate of the Operator, or any other company with which it has a material agreement in connection with Trade Reporting Services.
 - (d) Perform risk assessment on information technology, cyber security, and business continuity periodically. Operator should remediate identified risks in a timely manner.

(E) Resources

(9) Operator must establish and maintain sufficient and appropriate human, technological and financial resources to ensure that the Trade Repository operates at all times securely, efficiently and effectively.

- Human Resources

(10) Operator must at all times ensure its employees and managers are fit, taking into account the experience, qualifications and skills necessary to perform their respective roles and responsibilities in the governance, management and operation of the Trade Repository.

- Financial Resources

(11) Operator must hold at all times net assets funded by equity (such as shares, disclosed reserves or other retained earnings) that, at a minimum, are equal to an amount that would enable the Trade Repository to cover at least six months of current operating expenses, calculated on a rolling basis at the end of each month.

Note: SAMA may in future also specify other financial resources that the Operator is required to hold.

(12) Operator must maintain a viable plan, approved by its Board of Directors and updated regularly, for raising additional equity should its equity fall close to or below the amount needed under (1) above.

Integrity and Cyber Security of Trade repository

Operator must establish, implement, maintain and enforce policies, procedures, and physical and electronic controls over its systems for accepting, retaining, using, disclosing and providing access to Derivative Trade Data designed to:

- (a) Maintain the integrity, security and confidentiality of Derivative Trade Data at all times during transmission between the Trade Repository, SAMA and Participants, and while retained in the Trade Repository; and;
- (b) Prevent unauthorized use or disclosure of, or access to, Derivative Trade Data in line with business requirements based on the need-to-have or need-to-know principle
- (c) Frequency of performing comprehensive technical and security assessments that include, at a minimum, the following:-

1. Periodic vulnerability assessments that include vulnerabilities classification and remediation plans.
2. Periodic Internal and External penetration testing on infrastructure, systems, applications, and all other technical components;
3. Source code review.

Operational Reliability

(1) Operator must ensure that its systems for accepting, retaining, using, disclosing and providing access to Derivative Trade Data are reliable and have sufficient, scalable capacity for the ongoing and planned operations of the Trade Repository, including, without limitation, the capacity to accept and retain for the period required, all Derivative Trade Data reported to the Trade Repository by Participants.

(2) Operator must establish, implement, maintain and enforce plans, including escalation plans, for its internal communications and its communications with Participants and SAMA in circumstances of an operational outage or other disruption to the Trade Repository's services.

Business Continuity and Disaster Recovery Planning

Operator must establish, implement, maintain and enforce business continuity, backups and Disaster Recovery Plans (DRP) designed to:

- (a) Address events that pose a risk of business disruption to the Trade Repository's operations or services, including events that could cause a wide-scale or major disruption; and
- (b) In the event of any disruption to the Trade Repository's operations or services, enable the timely restoration of those operations and services and enable the Operator to meet its obligations to SAMA and Participants.
- (c) Operator must report all disruptive incidents classified as "Medium" or "High" to SAMA immediately. A post-incident report should be communicated to SAMA after operator resumes to normal operations.
- (d) Operator must seek SAMA's approval when selecting a new site for its main or alternative data center, or when relocating the current main or alternative data center taking in consideration that operator's information/data hosting and storage must be inside the Kingdom of Saudi Arabia.
- (e) Operator must define scope and coverage of backups to cover all critical technologies, information and data assets and implement a backup and recovery process with a periodic testing of backup is effectiveness.

Disaster Recovery and Resolution

(1) Operator must establish, implement, maintain and enforce policies, procedures and plans designed to:

- (a) Identify scenarios that may potentially prevent the Operator from being able to provide the Trade Repository's critical operations or services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down; and
- (b) Provide for the recovery or orderly wind-down of the Trade Repository's critical operations or services based on the results of the assessment referred to in paragraph (a).
- (c) Operator should define and implement Information Technology Disaster Recovery plans for Trade Repository services. IT DR Plans should be measured and evaluated on a yearly basis as a minimum to ensure the ability to recover to a normal operation in case of incidents or failures occurred, in a timely manner.

(2) In establishing, implementing, maintaining and enforcing the policies, procedures and plans required under (1) above, Operator must take into account its obligations, and any obligations that may arise in the event that the Trade Repository ceases to be authorised.

Note: SAMA may make a direction relating to Derivative Trade Data if the Trade Repository ceases to be authorised, including a direction requiring the Operator to destroy or transfer to another Trade Repository or SAMA all records of the Derivative Trade Data over which the Operator has control.

Operational Separation of Functions

Where Operator, a related body corporate of the Operator, or any other company with which it has a material agreement in connection with the Trade Reporting Services, provides Non-Trade Reporting Services, Operator must:

- (a) Disclose to SAMA a description of all of the Non-Trade Reporting Services, and update the disclosure as soon as practicable after any changes are made to the Non-Trade Reporting Services; and
- (b) Establish, implement, maintain and enforce policies, procedures, systems and controls designed to ensure operational separation between the Non-Trade Reporting Services and the Trade Reporting Services.

Note: Operational separation may be achieved, for example, by supervisory arrangements including information barriers.

Outsourcing of Functions

If Operator outsources any of the Trade Reporting Services to a service provider, Operator must:

- (a) Ensure that the outsourcing arrangement meets SAMA's outsourcing rules and is covered by a contract with the Service Provider that is in writing;
- (b) Establish, implement, maintain and enforce documented policies, procedures, systems and controls for ensuring that the Operator continues to comply with all its obligations under these Rules, in relation to the outsourced Trade Reporting Services;
- (c) At all times be able to access books, records and other information of the Service Provider relating to the outsourced Trade Reporting Services;
- (d) Ensure that SAMA has the same access to all Derivative Trade Data, books, records and other information relating to the outsourced Trade Reporting Services and maintained by the Service Provider, that SAMA would have if not for the outsourcing arrangements; and,
- (e) Obtains SAMA no-objection

Disclosure of Conditions (Including Fees) on Which Trade Repositories Provide Their Services

(A) Disclosure of Rules, Procedures and Other Information

(1) Operator must disclose to Participants in writing:

- (a) Operator's rules and procedures for accepting, retaining, using, disclosing and providing access to Derivative Trade Data;
- (b) Operator's commitments in relation to minimum service levels and operational reliability;
- (c) A description of the design and operation of the Trade Repository's systems for accepting, retaining and providing access to Derivative Trade Data; and
- (d) Any other information reasonably required by Participants to assess the risks and costs of participating in the Trade Repository.

(2) Operator is not required to comply with paragraph (1) (c) or (d) to the extent that such disclosure would compromise the integrity or security of the Trade Repository or require the disclosure of commercially sensitive information.

(3) If Operator proposes to make a change to the access and participation conditions, or the fees, rates and charges for the Trade Reporting Services, the Operator must notify SAMA and Participants in writing about the change within a reasonable time before the change is implemented.

(B) Public Disclosures

(4) Operator must disclose, on a publicly accessible section of its website and at no charge, a description of:

- (a) The Trade Reporting Services and any Ancillary Services;
 - (b) The class or classes of Derivatives for which the Trade Repository can provide services, as specified in these regulations;
 - (c) Key elements of Operator's rules, procedures and contractual arrangements, including the dispute resolution procedures;
 - (d) Operator's access and participation conditions;
 - (e) The organisational, legal and ownership structure of Operator and the arrangements for the governance and management of the Trade Repository;
 - (f) The Operator's policies and procedures in relation to the commercial use of Derivative Trade Data retained in the Trade Repository; and
 - (g)
- (5) Operator must ensure the disclosures required under (1) above are at all times complete, accurate and current.

Reporting to SAMA on Matters Related to Trade Repositories

(A) Annual Compliance Report

(1) Operator must, within three months after the end of its financial year, give SAMA a written report (the ***Annual Compliance Report***) on the extent to which it has complied during the financial year with its obligations, including under these Rules and other SAMA Trade Repository Guidelines, unless SAMA relieves the Operator from this requirement in writing.

(2) Operator must, on request by SAMA, obtain an audit report on the Annual Compliance Report, prepared by such specified person or body as SAMA nominates or accepts as suitably qualified to prepare the audit report.

(3) A request by SAMA for an audit report under (2) above will be in writing and allow the Operator a reasonable period to comply.

(B) Disclosure of Proceedings

(4) Operator must notify SAMA in writing as soon as practicable after the Operator becomes aware that:

- (a) Any civil or criminal legal proceeding has been instituted against the Operator or one of its employees, whether or not in the Kingdom of Saudi Arabia (KSA);
- (b) Any disciplinary action has been taken against the Operator or one of its employees by any regulatory authority other than SAMA, whether or not in KSA; and
- (c) Any significant changes are made to the regulatory requirements imposed on the Operator or one of its employees by any regulatory authority other than SAMA, whether or not in KSA.

(C) Delays, Disruptions, Suspension and Termination, Breaches of Data Security, Integrity and Confidentiality

(5) If the Trade Repository experiences:

- (a) A disruption of, delay in, or suspension or termination of any of the Trade Repository's systems for the acceptance, retention, use, disclosure or provision of access to Derivative Trade Data, including as a result of any system failure; or
- (b) A breach of the integrity, security, or confidentiality of the Derivative Trade Data retained in the Trade Repository,

Operator must:

- (c) As soon as practicable, notify SAMA of the occurrence of the circumstance; and
- (d) Within 14 days of the occurrence of the circumstance, submit a report to SAMA describing the cause and results of the occurrence of the circumstance, and any remedial actions already taken or planned by the Operator in response to the occurrence of the circumstance.

Keeping of Records, or the Provision of Records or Other Information, Relating to Compliance With (or Determining Whether There has been Compliance With) the Rules.

(A) Keeping of Records

- (1) Operator must keep records that enable it to demonstrate that it has complied with the requirements of these Rules and Regulations.
- (2) Operator must keep the records referred to in (1) above for a period of at least ten years from the date the record is made or amended.

(B) Provision of Records or Other Information

- (3) Operator must, on request by SAMA, provide SAMA with records or other information relating to compliance with, or determining whether there has been compliance with, these Rules and Regulations.
- (4) A request by SAMA under (1) will be in writing and will give the Operator a reasonable time to comply.
- (5) Operator must comply with a request under (1) above within the time specified in the request or as soon as possible, if no time is specified.