

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

مؤسسة النقد العربي السعودي

المركز الرئيسي

إدارة السياسات البنكية

مؤسسة النقد العربي السعودي	
	
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(٤)

المرفقات :

تعميم

المحترمون

السادة /

السلام عليكم ورحمة الله وبركاته،

الموضوع: المتعامل الأولي لسوق الأوراق المالية الحكومية.

إلحاقاً لتعميم المؤسسة رقم 32234/67 وتاريخ 1440/05/23 هـ المتعلق بالمبادئ التوجيهية والتشغيلية للبنوك التي تقوم بنشاط المتعامل الأولي لسوق الأوراق المالية الحكومية.

مرافق المبادئ التوجيهية والتشغيلية للبنوك التي تقوم بنشاط المتعامل الأولي لسوق الأوراق المالية الحكومية باللغة الإنجليزية والتي تلغي وتحل محل المبادئ الصادرة بموجب التعميم المشار إليه أعلاه.

للإحاطة والعمل بموجبه اعتباراً من تاريخه.

وتقبلوا تحياتي،

يحيى



فهد بن إبراهيم الشثري

وكيل المحافظ للرقابة

هذه / أيمن بن محمد السيارى

وكيل المحافظ للإستثمار

نطاق التوزيع:

- البنوك والمصارف العاملة بالمملكة.

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Operational guidelines for Bank Primary Dealers (Bank-PDs) in Government Securities Market

March 2019



1. Eligibility conditions for banks proposing to undertake PD business

The following categories of banks would be eligible to undertake PD activities:

- A. Banks which meet the minimum capital adequacy ratio as set by SAMA during the ICAAP process.
- B. Strong managerial /trading capabilities with treasury operations that is fully computerized, with competent and knowledgeable staff, and with relevant professional experience in main treasury / front and back offices.
- C. Adequate risk management systems to measure,manage and provide for the risks emanating from the PD activity. Banks should have a trading desk that has the capacity to hedge risks arising from the PD activities.
- D. Adequate physical infrastructure and skilled manpower for efficient participation in primary issues, trading in the secondary market, and to advise and educate investors.
- E. SAMA no-objection to undertake Primary Dealership business.

2. General Guidelines and Applicability

- A. The bank-PDs' role and obligations in terms of supporting the primary market auctions for issue of Government dated securities, underwriting of Dated Government Securities, market-making in Government securities and secondary market turnover of Government Securities must not contravene any of the prudential rules currently in place for banks.
- B. Bank-PDs are required to form a Primary Dealers' Committee and abide by a code of conduct that should be framed by such a committee and such other actions initiated by them in the interests of the securities markets.
- C. The investment policy of the bank should be suitably amended to also include PD activities. Within the overall framework of the investment policy, the PD business undertaken by the bank will be limited to dealing, underwriting and market-making in Saudi Government Securities. Investments in Corporate bonds, Commercial Papers, Certificate of deposits and other fixed income securities will not be deemed to be part of the PD business.

- D. Bank-PDs should update their investment policy and/or framework and implement a Board approved investment policy and operational guidelines on securities transactions. The policy/framework should include (but not limited to) the following:
- The broad objectives to be followed while undertaking transactions in securities on their own account and on behalf of clients;
 - Clearly define the authority to put through deals, and lay down procedure to be followed while putting through deals;
 - Various prudential exposure limits;
 - Policy regarding dealings through brokers;
 - Systems for management of various risks;
 - Guidelines for valuation of the portfolio and the reporting systems;
 - Operational procedures and controls in relation to the day-to-day business operations to ensure that operations in securities are conducted in accordance with sound and acceptable business practices.
 - The effectiveness of the policy and operational guidelines should be periodically evaluated
- E. The classification, valuation and operation of investment portfolio guidelines as applicable to banks in regard to "Held for Trading" portfolio will also apply to the portfolio of Government Dated Securities earmarked for PD market-making business.
- F. The Government Dated Securities under Bank-PD business will count for SAMA Liquidity Ratios.
- G. Bank-PDs should report to SAMA any violations of the terms and conditions of undertaking agreement they sign with the Debt Management Office (DMO).

3. Maintenance of Books, Accounts and Reporting

- A. Bank-PDs will have to maintain separate books of accounts for transactions relating to PD business (distinct from transactions in securities on their own account) with necessary audit trails. It should be ensured that, at any point in time, Bank PDs observe the minimum DMO balance of Government Securities earmarked for PD market-making business.

- B. Bank-PDs shall submit to their SAMA Team Leaders , an Annual Report on PD activities (with at least information on subscription activities, underwriting activities, primary and secondary markets turnover of the bank) by 15th of February the following year.
- C. Bank-PDs should subject the PD transactions and any regulatory returns submitted to the DMO and SAMA to concurrent annual audit. An internal auditors' review report for having maintained the minimum stipulated balance of Government Securities in the PD-book on an ongoing basis and having adhered to these guidelines/ instructions issued by SAMA, should be undertaken and provided to SAMA upon request.

4. Capital Adequacy and Risk Management

- A. The capital adequacy requirement and risk management guidelines will be as per the existing guidelines applicable to banks. For the purpose of assessing the bank's capital adequacy requirement and coverage under risk management framework, the PD activity should also be taken into account.
- B. The bank undertaking PD activity should put in place adequate risk management systems to measure and provide for the risks emanating from the PD activity.

5. Implementation and Effective Date

- A. All Bank-PDs are required to develop and implement the requisite policies and procedures to ensure compliance with these Rules. Any violation or circumvention of these Rules may warrant the appropriate regulatory action by SAMA.
- B. Requirement 1(E) (SAMA no-objection) above shall not apply to banks already appointed by the DMO before the effective date of these regulations.
- C. These Rules supersede the previous rules issued under SAMA circular 32234 /67 dated 23/05/1440 and shall come into force effective immediately.