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Saudi Arabian Monetary Agency

BANKING CONTROL



From : Saudi Arabian Monetary Agency
To : All Banks
Attention : Managing Directors, Chief Executive Officers and
General Managers
Subject : **Basel Committee on Banking Supervision Finalized Basel III
Document regarding Revisions to the Securitization
Framework**

The Basel Committee is publishing the revised securitisation framework, which aims to address a number of shortcomings in the Basel II securitisation framework and to strengthen the capital standards for securitisation exposures held in the banking book. This framework, which will come into effect in January 2018, forms part of the Committee's broader Basel III agenda to reform regulatory standards for banks in response to the global financial crisis and thus contributes to a more resilient banking sector.

In developing the final standards for capitalising securitisation exposures, the Committee has carefully taken into account the comments received on the two consultative documents, as well as the results of the quantitative impact studies (QIS) undertaken during the consultations. Furthermore, revisions have also been guided by the Committee's determination to strike an appropriate balance between risk sensitivity, simplicity and comparability. Further work is being conducted jointly by the Basel Committee and the International Organization of Securities Commissions (IOSCO) to review securitisation markets and to identify factors that may be hindering the development of sustainable securitisation markets.

This document should be of interest to all banks in Saudi Arabia as they have implemented the Basel III framework. Banks are expected to review this document and become familiar with the rules text and start developing their plans for its implementation. Over the next few months, SAMA will be holding meeting with all banks through the Working Group Forum concerning Other risks. At the conclusion of the Working Group meeting, SAMA will be issuing specific guidance documents including prudential returns to banks, and will also notify banks with respect to its position in areas where national discretion is to be applied.

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