

# Saudi Arabian Monetary Agency

Banking Supervision Dept.

21 March 2011

198.0 / BCSA720

To : All Managing Directors, Chief Executive Officers and General Managers  
From : Saudi Arabian Monetary Agency  
Subject: **Major Acquisitions**

A Bank must seek prior no objection from SAMA in the following instances (as enumerated within Banking Control Law 1966 and relevant circulars):

Any proposed restructuring, reorganization or business expansion (through acquisition and or merger and or investments within the Kingdom or overseas) which could have an impact on the Bank's risk profile or resources, including, but not limited to:

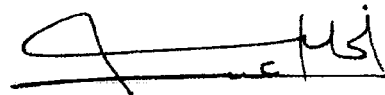
- a) Activities prescribed in Article 10 and 11 of the Banking Control Law 1966; or
- b) substantial change or a series of changes in the management and or legal status of a Bank; or
- c) commencing the provision of a new type of product or service (whether in the Kingdom or overseas); or
- d) entering into, or significantly changing, a material outsourcing arrangement as governed by SAMA Rules on Outsourcing issued in July 2008

Banks are to note that in reviewing requests for no objection by Banks, SAMA assesses acquisitions against a number of criteria such as: strategic rationale and business plans; funding and impact on capital; group structure and corporate governance including integrity and probity of management; risk management systems etc.

When assessing new investment and acquisition proposals, SAMA considers the risks to the institution and the effect on supervision. No approval will be given if SAMA does not consider the Bank to have adequate financial and organizational resources or if SAMA considers that supervision will be hindered.

Banks are required to seek SAMA no objection by submitting written proposals duly enumerating all the relevant information required by SAMA to assess each proposal, such request to be submitted to SAMA well in advance (at least 30 business days for domestic and 60 business days for overseas) of the proposed commencement of the acquisition and or investment.

Requests for no objection are to be submitted to the attention of Director Banking Supervision on Fax # 4662119. Banks are required to ensure immediate compliance with the aforementioned requirements.



**Abdulrahman A. Al-Khalaf**  
Deputy Governor  
for Technical Affairs