BANKING CONTROL

From : Saudi Arabian Monetary Agency (SAMA)

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers

Subject : **Treatment of High Quality Liquid Assets (HQLA) in host jurisdictions**

SAMA has recently issued a circular dated 8 July 2015 regarding a change in repo facility for level 1 HQLA assets from 75% to 100%.This means that Banks in the KSA can now access liquidity from SAMA for up to 100 % of their investment in Saudi Government Bonds and SAMA Bills.

SAMA is aware that Saudi banks with overseas branches and subsidiaries have to meet LCR requirements of their host jurisdictions. However, these requirements concerning haircuts on level 1 HQLA or related repo facility may not be totally in sync with SAMA requirements.

Consequently in view of the section as stated below:

Scope Of Application (paragraphs 164 to 172) of the Basel III: The Liquidity Coverage Ratio and liquidity risk monitoring tool dated January 2013

SAMA would like Saudi banks to apply the more conservative treatment of the rules of SAMA or host jurisdiction for level 1 HQLA and its repo facility for the purpose of consolidated LCR calculation.

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