

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ
مؤسسة النقد العربي السعودي

المركز الرئيسي

9041019065

إدارة السياسات البنكية



الرقم :

المرفات :

تعميم

الموضوع: سياسة الضمانات المالية.

المحترم

سعادة /

بعد التحية،

إشارة إلى التعميم الصادر من المؤسسة رقم ٣٠٨/م ط وتاريخ ١٨/٤/١٤٠٩هـ،
بشأن معالجة انكشاف أرصدة حسابات البنوك لدى المؤسسة، وكذلك سياسة الضمانات المالية
(SARIE Collateral Policy and Limits) الصادرة في ١٢/١/١٤١٨هـ.

مرفق تحديث لتعميم معالجة انكشاف أرصدة حسابات البنوك لدى المؤسسة وسياسة
الضمانات المالية تحت مسمى (Collateral Policy & Covering Procedures).

لاعتماده والعمل بموجبه.

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نطاق التوزيع:

- الإدارة العامة للرقابة على البنوك.
- إدارة العمليات المصرفية الحكومية.
- شعبة عمليات الاستثمار.
- شعبة التمويل والسيولة.
- البنوك العاملة في المملكة.



Saudi Arabian Monetary Agency

Banking Policy Department

The Saudi Arabian Riyal Interbank Express "SARIE"

Collateral Policy & Covering Procedures

Document control:

Version 1.0 - May 1997

Version 2.0 –April 2015

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SARIE Collateral Policy & Covering Procedures – The Saudi Arabian Riyal Interbank Express (SARIE) – 2015

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1 Introduction

In accordance with the Charter of the Saudi Arabian Monetary Agency (SAMA) issued by Royal Decree No 23 dated 23/5/1377H, Banking Control Law issued by Royal Decree No M/5 dated 22/2/1386H, other pertinent laws of the Kingdom of Saudi Arabia and the SARIE Operating Rules and Regulations - Version 3.0 (ORR) issued by SAMA dated 1/12/1425H, this policy is issued by SAMA governing the provision of Intra-day Debit Limits, Overnight Covering and Collateral requirements.

In pursuance of best practice principles and recommendations for financial settlements in Real Time Gross Settlement (RTGS) systems, and to facilitate faster clearing and settlement of transactions, SAMA shall allow SARIE participants to obtain an Intra-Day Debit Limit facility, which is fully collateralised with Eligible Collateral of the types specified later in this policy document. The intra-day debit limit is the maximum debit balance permitted on a Participant's account at any point during the Operational Phase of the SARIE system.

Overnight Covering may, at the discretion of SAMA, be granted to a SARIE Participant who is unable to fully discharge any debit balance in their SARIE account before the end of the Operational Phase of SARIE subject to the conditions set out below.

2 Participants' Accounts

2.1 Accounts at SAMA

Each Participant must maintain a current account at SAMA (the "Participant's Account"). The current account must be maintained in accordance with SAMA's banking conditions from time to time.

2.2 Debit Balances

SAMA may in its sole discretion permit a Participant's Account to be in debit intra-day within the limits and for the periods allowed by SAMA. The limit and periods are together called the "intra-day debit limit" SAMA may change an intra-day debit limit during the Operational Phase if in SAMA's opinion there are exceptional circumstances, but will not do so if this would cause a Participant to be in breach of its limit. All intra-day debit balances on a Participant's Account must be discharged at the end of each Operational Phase and each Participant's Account must be zero or in credit at all other times, except as SAMA may otherwise permit.

2.3 Collateral

All liabilities of a Participant in respect of any intra-day debit balance on its Participant's Account must be fully collateralised in accordance with the requirements for collateral prescribed by SAMA from time to time (as detailed in section 5)

2.4 Liquidity

The balance on a Participant's Account must never be less than zero plus any intra-day debit limit agreed by SAMA in accordance with the foregoing and must be sufficient to cover all Payment Messages of all types as they fall due for payment.

2.5 Responsibility for Liquidity

Each Participant is responsible for monitoring its Participant's Account and its Liquidity so as to comply with the SARIE ORR. SAMA, may, but is not obliged to, monitor each Participant's Account for compliance with intra-day debit limits.

2.6 SAMA as a Participant

The foregoing provisions do not apply to SAMA in its capacity as a Participant.

2.7 Accounts as Evidence

Each Participant's Account maintained on SARIE is the record of the Participant's current account and is binding on SAMA and the Participant in the absence of manifest error.

2.8 Information

SARIE provides reporting and enquiry facilities operating in near real-time, giving each Participant immediate visibility of the position in its Participant's Account, enabling it to manage its Liquidity, and provides SAMA with the transaction functionality and reporting to enable it to exercise its powers as central bank and operator of SARIE.

2.9 Held Payments

2.9.1 Queuing

Except where it is expressly provided in the SARIE ORR that queuing does not apply to a particular Payment Message, where sufficient Liquidity is not available in a Sending Participant's Account with SAMA, Payment Messages for that Participant will be queued by the Central System until sufficient Liquidity is available. If sufficient Liquidity is not available prior to the close of the Operational Phase of the Business Cycle, SAMA may cancel the queued Payment Messages without liability to the Participant, if they are not cancelled by the Sending Participant other than Clearing settlements.

2.9.2 Priorities

The Sending Participant, and SAMA with the approval of the Participant, may change the priority of the sequence in which its queued Payment Messages are to be paid by the Central System. Each Participant is responsible for managing its entry of Payment Messages and other instructions and for the queuing of its Payment Messages.

2.10 Priority Codes

The priority codes are assigned by:

- SAMA for SAMA transactions
- The Sending Participant for its originated same-day transactions
- SARIE for:
 - forward payments on their maturity date
 - system generated transactions (e.g. clearing settlements)

2.11 Gridlock Management

2.11.1 Gridlocks

If the Central System will not settle transactions between two or more Participants by reason of the fact that each Participant has insufficient Liquidity which they would have if they could receive their queued incoming payments (“gridlocks”), SAMA may endeavour to resolve the gridlock by one, some, or all of the following actions with the approval and co-operation of the affected Participants:

- Re-prioritise a Participant’s queued transactions.
- Cause a selected number of different Participants’ transactions to be settled simultaneously, so as not to breach any Participant’s intra-day debit limit. A Participant’s approval is not required provided no change in payment sequence is made.
- Require Participants to increase their Liquidity.
- Cancel some of the transactions.

2.11.2 Responsibility

It is the responsibility of each Participant to manage its own Liquidity. SAMA has no responsibility to resolve gridlocks and has no liability for any steps taken by it to resolve gridlocks.

3 Overnight Covering

3.1 Overnight Covering

All intra-day debit balances on a Participant's Account must be discharged by the end of each Operational Phase as stated in section 2.2 Debit Balances above.

The amount of the Overnight Covering must be rounded upwards to the nearest SAR 100,000.00.

3.2 Charge

The failure by a SARIE Participant to reimburse the intraday credit at the end of the day for whatever reason shall render that Participant liable to the following penalties:

- (a) If the Participant has a debit balance on its account at the end of the day for the first time within any 12-month period, then this Participant shall incur penalty interest calculated at a rate of three percentage points above the 3-month SIBOR on the amount of debit balance plus a surcharge of SAR 3,000.00;
- (b) If the Participant has a debit balance on its account at the end of the day for the second time within the same 12-month period, then this Participant shall incur penalty interest calculated at a rate of six percentage points above the 3-month SIBOR on the amount of debit balance plus a surcharge of SAR 6,000.00;
- (c) If the Participant has a debit balance on its account at the end of the day for at least the third time or greater within the same 12-month period, then the penalty interest and the surcharge shall be increased by three percentage points plus a surcharge of SAR 3,000.00 for each time additional to the last, that a debit position has occurred within this 12-month period.

Frequency of Occurrence	Penalty Interest Rate	Surcharge
(a) First time		
If the participant has a debit balance on its account at the end of the day for the first time within any 12-month period, then:	This participant shall incur penalty interest calculated at a rate of three percentage points above the 3-month SIBOR on the amount of debit balance.	SAR 3,000.00
(b) Second time		
If the participant has a debit balance on its account at the end of the day for the second time within the same 12-month period, then:	This participant shall incur penalty interest calculated at a rate of six percentage points above the 3-month SIBOR on the amount of debit balance.	SAR 6,000.00
(c) Third time onwards		
If the Participant has a debit balance on its account at the end of the day for at least the third time or greater within the same 12-month period, then:	The penalty interest and the surcharge shall be increased by three percentage points plus a surcharge of SAR 3,000.00 for each time additional to the last that a debit position has occurred within this 12-month period.	

3.3 Repayment

The full amount of the Overnight Covering, including the charge specified above, must be repaid by the participant at the start of the next business day.

4 Intra-day Debit Limit

4.1 The Limit

SAMA will decide the amount of the intra-day debit limit for each participant separately based on consideration of all relevant factors including, but not limited to, the Participant's flow of payments (both incoming and outgoing) through the SARIE system.

SAMA may instruct a Participant to review its intra-day debit limit at any time with a view to either increasing or decreasing the limit based on the flows of payment through the Participant's SARIE account. Such instruction must be dealt with in a prompt manner and without undue delay.

4.2 Minimum Limit

The intra-day debit limit will not be less than the amount of SAR 50 million for which the Participant must provide the appropriate collateral specified in section 5 of this policy document.

4.3 Treasury Support Message

Treasury Support Message (TSM) is the only means to communicate with SAMA that can be used by a Participant with regard to requests for new or amended intra-day debit limits.

The TSM is the primary means of communication with SAMA with regard to requests for Overnight Covering. A SWIFT message may be used as an alternative means of communication in emergency situations only.

5 Collateral

5.1 Eligible Collateral

The intra-day debit limit must be fully collateralised by eligible assets that a Participant has absolute ownership of free of any third party interests, which can be readily liquidated by SAMA and over which SAMA has jurisdiction.

The following table lists the eligible assets that are allowable as collateral:

Eligible Assets ¹	Restrictions on use as Collateral
Government Development Bonds	90% of the nominal value
SAMA Bills	90% of the nominal value
Murabaha	90% of the nominal value
Sukuk and bonds guaranteed by MoF ²	85% of the nominal value

5.2 Restrictions

The portion of a Participant's eligible assets pledged as collateral for an intra-day debit limit may not be utilized for any other purpose. However, the Participant may use these eligible assets for the purpose of calculating their overnight Repo amounts with SAMA, so long as such Repo amounts do not reduce the amount set aside as Collateral.

5.3 Maturing Assets

On the maturity of the instruments which are pledged as collateral, the Participants must ensure that, either,

- They still have sufficient eligible assets to cover their intra-day debit limit, or,
- Replace the maturing instruments with similar holdings of eligible assets in order to maintain sufficient cover for their intra-day debit limit, or,
- Advise SAMA that they wish to reduce the amount of their intra-day debit limit.

In case of Participants not replacing the maturing instruments, SAMA may impose appropriate penalty fee.

5.4 No Charge

Intra-day debit balances will not incur interest or commission charges.

¹ SAMA may in its sole discretion change its eligibility criteria at any time.

² Ministry of Finance.

5.5 Available Funds

"Available Funds" in the SARIE system are calculated as follows:

Opening Credit Balance,

Plus

- Intra-day debit limit
- Settled incoming payments in favor of the participant
- The amount of any "direct entries" passed by SAMA, where the participant is the Credit party
- Settled Direct Debit Requests where the participant is the "Sponsoring Bank"

Minus

- Settled outgoing payments by order of the participant
- The amount of any "direct entries" passed by SAMA, where the participant is the Debit party
- Settled Direct Debit Requests where the participant is the "Paying Bank"

Plus or Minus

- The result of any Clearing House participating in SARIE.

6 Letter of Undertaking

A Letter of Undertaking, in the format specified by SAMA, must be signed by each Participant and returned to SAMA. Such Letters of Undertaking have the effect of creating a first priority, perfected pledge over the eligible assets in favour of SAMA as collateral for the Participant's intra-day debit limit sanctioned by SAMA for the purposes of the SARIE system. The Letter of Undertaking bestows on SAMA the right to sell or otherwise dispose of sufficient eligible assets to clear any unpaid debit balances in accordance with the SARIE ORR and this policy.

7 Glossary of Abbreviations

The following abbreviations are used in the text :

ORR	Operating Rules and Regulations
SARIE	Saudi Arabian Riyal Interbank Express
SIBOR	Saudi Interbank Offered Rate
SWIFT	Society for Worldwide Interbank Financial Telecommunication
TSM	Treasury Support Message