



From : Saudi Arabian Monetary Agency  
To : All Banks  
Attention : Managing Directors, Chief Executive Officers and General Managers  
Subject : Margin requirements for non-centrally cleared derivatives

### Background

The Basel document on margin requirements for non-centrally cleared derivatives addresses significant weaknesses relating to Over-The-Counter (OTC) derivatives. Therefore, this initiates a need to further regulate the OTC derivatives market by introducing margin requirements, which will limit excessive and opaque risk-taking and will mitigate the systemic risk posed by these transactions, markets and practices.

SAMA has conducted a consultation process with the Saudi Banks in the development of this regulation, which is attached in the annexures containing:

- Annexure 1: Margin requirements for non-centrally cleared derivatives available on BIS website (<http://www.bis.org/bcbs/publ/d317.pdf>).
- Annexure 2: SAMA's position on National Discretion.
- Annexure 3: Changes in the template 17.6.3A. Please ensure that this template is cross-validated and reconciled to other Q17 templates.
- Annexure 4: Frequently Asked Questions (FAQs) and answers.

### Implementation date

These rules are applicable in a phased manner from 1 September 2016 as specified in the Basel document.

For:

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