



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**

This document presents the final policy framework that establishes minimum standards for margin requirements for non-centrally cleared derivatives as agreed by the Basel Committee on Banking Supervision (BCBS) and the International Organization of Securities Commissions (IOSCO). This final framework was developed in consultation with the Committee on Payment and Settlement Systems (CPSS) and the Committee on the Global Financial System (CGFS).

This document addresses significant weaknesses relating to Over-The-Counter (OTC) derivatives and its lack of transparency, thus initiating a need to further regulate OTC derivatives market. This will limit excessive and opaque risk-taking through OTC derivatives and will mitigate the systemic risk posed by these transactions, markets, and practices.

Banks are expected to review this document and become familiar with the rules text and start developing their plans for its implementation by 1 September 2016. Over the next few months, SAMA will be holding meetings with all banks through the existing Working Group on Enhanced Risk Coverage. At the conclusion of the Working Group meetings, SAMA will be issuing specific guidance documents and will notify banks with respect to its position in areas where national discretion is to be applied.

Osamah Shaker
Director General of Banking Control