

Saudi Arabian Monetary Agency

BANKING CONTROL



From : Saudi Arabian Monetary Agency
To : All Domestic Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : Frequently asked questions on the Basel III leverage ratio framework

In January 2014, the Basel Committee on Banking Supervision published the *Basel III leverage ratio framework and disclosure requirements* together with the public disclosure requirements applicable as of 1 January 2015. To promote consistent global implementation of those requirements, the Committee has agreed to periodically review Frequently Asked Questions (FAQs) and publish answers along with any technical elaboration of the standards text and interpretative guidance that may be necessary.

This document sets out the third set of FAQs that relate to the Basel III leverage ratio framework. The questions and answers, combined with those published earlier in the first and second sets of FAQs, are grouped according to the following themes:

- (i) on-balance sheet exposures;
- (ii) derivative exposures;
- (iii) specific treatment for written credit derivatives;
- (iv) Securities Financing Transaction (SFT) exposures;
- (v) cross-product netting agreements for derivative exposures and SFTs;
- (vi) treatment of long settlement transactions and failed trades;
- (vii) off-balance sheet items; and
- (viii) scope of consolidation and disclosure

Banks should access the BCBS document from BIS website www.bis.org.

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