



From : Saudi Arabian Monetary Agency
CC : H.E. Abdulaziz Al-Helaissi, Deputy Governor for Supervision
To : All Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : **Basel Committee on Banking Supervision Document regarding Capital Requirements for bank exposures to central counterparties of April 2014**

We wish to refer to SAMA's Circular # BCS 25092 dated October 6, 2012 concerning regulatory capital requirements for banks exposures to central counterparties. This circular was based on BCBS document of July 2012 entitled "Capital requirements for Banks Exposures to central Counterparties" and reflected BCBS interim requirements.

The captioned BCBS document of April 2014 represents the Basel Committee's revised policy framework for the capital treatment of bank exposures to central counterparties (CCPs). Revisions to this framework were made to reflect decisions reached by the Committee after evaluating the results of the joint quantitative impact study (JQIS) and the feedback received from respondents to BCBS related consultative document published in June 2013. In this respect, SAMA issued the BCBS consultative document of June 2013 for bank comments through it circular # 104171 dated July 2, 2013. These comments were also shared with the BCBS.

In formulating the revised framework, the Committee sought to avoid undue complexity and to ensure consistency, where possible, with relevant initiatives advanced by other supervisory bodies. It also considered broader policy recommendations such as those advanced by G20 leaders and the Financial Stability Board (eg increased use of central clearing).

The final policy framework for bank exposures to CCPs retains many of the features from the interim framework of July 2012, including the general terms, scope of application, treatment of trade exposures to QCCPs, and the capital requirements for bank exposures to non-qualifying CCPs.

The final standard will apply as of 1 January 2017. Until that time, the interim BCBS document of July 2012 remains in effect. Accordingly, Banks should continue to determine their capital requirement for exposure to central counterparties on the basis of the interim BCBS July 2012 document.

Saudi Arabian Monetary Agency

Banking Supervision Dept.

The Banks can access this BCBS document from BIS website: www.bis.org.

Best regards,



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Director of Banking Supervision