

# *Saudi Arabian Monetary Agency*

*Banking Supervision Dept.*

BCS ٢٨٥٩

4 January 2012

From : Saudi Arabian Monetary Agency

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers


Subject : **Consultative Paper on Revised Core Principles for Effective Banking Supervision – dated 20 December 2011**

The Basle Committee on Banking Supervision (BCBS) has on 20 December 2011 issued for public comments its revised Core Principles for Effective Banking Supervision and the related Assessment Methodology which outlines essential and additional criteria for ensuring compliance against these principles. Principles 1 to 13 address supervisory powers, responsibilities and functions, risk based supervision and the need for early intervention and timely actions. Principles 14 to 29 cover supervisory expectations from banks focusing on good corporate governance, risk management and compliance with supervisory standards.

The Revised Core Principles are a collective effort between the BCBS and other Banking Supervisors from around the world as well as the IMF and the World Bank. They represent the best international practices which when implemented should contribute to strengthening of individual institutions as well as the banking system. In addition, we also refer you to a document that compares the 2006 assessment methodology with the revised version of the Core Principles, to facilitate a direct comparison between the old and the new assessment criteria. These documents can be accessed from the Bank for International Settlements website: (<http://www.bis.org>)

The Agency requires Banks to review these documents, particularly focusing on Core Principles #14 to 29 that cover supervisory expectations from the banks and the related assessment methodology. Banks should submit their comments or suggestions to SAMA by 1<sup>st</sup> March 2012. SAMA will summarize all comments and prepare response from the Saudi Banking industry for forwarding to the BCBS.

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for Technical Affairs

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