



e 2016

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.

Should any bank need any clarifications, they should contact Mr. Tariq Javed at email: t_javed@sama.gov.sa or Mr. Qaiser Noor at email: qnoor@sama.gov.sa.

For: 

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