



Circular No.: 351000147075
Dated: 25 September 2014

From : Saudi Arabian Monetary Agency

To : All Banks

Attention: CFOs and CROs

Subject: **SAMA Circular # BCS 771 dated 5 December 2008 concerning Principles for Sound Liquidity Risk Management and Supervision**

On 5 December 2008, SAMA issued a Circular entitled “Principles for Sound Liquidity Risk Management and Supervision”. This circular was based on a BCBS document on this subject issued in September 2008. SAMA provided specific instructions to banks to introduce and integrate these Principles concerning Sound Liquidity Risk Management into their internal systems and processes. SAMA also instructed banks to audits their internal systems and processes against these Principles and submit a report to SAMA on the main findings. Banks had undertaken those audits and submitted their findings to SAMA.

SAMA is now revisiting this circular and would like the Banks to arrange an internal audit to assess the implementation of these Principles by the Banks (refer to attachment for guidance). This report is to be submitted to Dr. Alwaleed Al-Sheikh, the Director of Banking Supervision before 31 March 2015.

If you need further clarifications, please contact the undersigned at akalsheikh@sama.gov.sa or Mr. Tariq Javed at t_javed@sama.gov.sa or Mr. Abbas Hassan at ahassan@sama.org.sa.

Best regards,

Alwaleed Alsheikh
Director of Banking Supervision



Attachment

The review should address the following:

1. The Banks existing liquidity management organization, policies, procedures, processes and controls are to be assessed against the Principles outlined in the document.
2. The Internal Auditor should make the following assessment against each Principle outlined in the Guidance document:
 1. Fully Compliant
 2. Largely Compliant
 3. Adequate but improvements are needed
 4. Largely Non-compliant
 5. Non-compliant
3. For those principles where assessment is less than Fully Compliant, the weaknesses and gap should be identified.
4. A detailed plan should be made for each weakness/gap along with the actions to be taken and the time frame for completion of the corrective actions.