

Jurisdiction : Saudi Arabia

2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

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No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I. Refining the regulatory perimeter					
1 (2)	Review of the boundaries of the regulatory framework including strengthening of oversight of shadow banking	We will each review and adapt the boundaries of the regulatory framework to keep pace with developments in the financial system and promote good practices and consistent approaches at an international level. (London)	Jurisdictions should indicate the steps taken to expand the domestic regulatory framework to previously unregulated entities, for example, non-bank financial institutions (e.g. finance companies, mortgage insurance companies, credit hedge funds) and conduits/SIVs etc.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : Laws were effective as of 30/NOV/2012 Short description of the content of the legislation/ regulation/guideline: Mortgage finance laws have been issued to expand the regulatory framework to entities that were unregulated. The new laws are: 1. The Real Estate Finance Law 2. The Finance Lease Law 3. The Law on the Supervision of Finance Companies 4. Registered Mortgage Law 5. Enforcement Law These laws were issued by the Council of Ministers of Saudi Arabia on 3/July/2012 and effective on 30/Nov/2012.	Planned actions (if any): 1- Establishment of the General Department for Supervision of Finance Companies within SAMA, 26 August 2012. 2- According to article 36 of the law on the supervision of finance companies, companies and establishments conducting finance business in the Kingdom of Saudi Arabia before this Law coming into force, shall be given a period of two years to comply with the provisions of this Law. According to article 97 of the Implementing Regulations of the law on the supervision of finance companies, companies and establishments conducting finance business in the Kingdom of Saudi Arabia before the Law enters into force, must provide SAMA within the first nine months with their plan to adjust their conditions in accordance with the provisions of the Law or a plan to exist from the market. Expected commencement date: Already started on August 2012
(1)		We agree to strengthen the regulation and oversight of the shadow banking system. ¹ (Cannes)	Jurisdictions should indicate policy measures to strengthen the regulation and oversight of the shadow banking system. See, for reference, the recommendations discussed in section 2 of the October 2011 FSB report: Shadow Banking: Strengthening Oversight and Regulation.		

¹ This recommendation will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				Web-links to relevant documents: http://www.sama.gov.sa/sites/samaen/Finance/Pages/Laws.aspx	Web-links to relevant documents: http://www.sama.gov.sa/sites/samaen/Finance/Pages/Laws.aspx

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II. Hedge funds					
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	<p>We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds ...(Seoul)</p> <p>Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management. (London)</p>	<p>Jurisdictions should indicate the progress made in implementing the high level principles contained in IOSCO's Report on Hedge Fund Oversight (Jun 2009) that inter-alia included mandatory registration and on-going regulatory requirements such as disclosure to investors.</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Investment Funds Regulations Listing Rules</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : December 2006</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>All investment funds activities are regulated under the CMA Investment Funds Regulations including hedge funds to ensure that their activities in the markets do not pose risks to smooth functioning of these markets. More disclosure requirements have been proposed in the Draft Revised Investment Funds regulations. We do not currently have any hedge funds established in the Kingdom</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				<p>Web-links to relevant documents: http://cma.org.sa/En/Pages/Implementing_Regulations.aspx http://cma.org.sa/En/News/Pages/CMA_N_1289.aspx</p>	

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3 (4)	Establishment of international information sharing framework	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's Report on Hedge Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	<p>Applicable but no action envisaged at the moment</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>The CMA is a member of IOSCO, and is part of the IOSCO Multilateral MoU concerning the Consultation and cooperation and the Exchange of Information (IOSCO MMoU).</p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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4 (5)	Enhancing counterparty risk management	Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)	Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties. See, for reference, the following BCBS documents :	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:	Planned actions (if any): This is an on-going process which will be dealt with as and when required. Expected commencement date:
(6)		Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17,FSF 2008)	<ul style="list-style-type: none"> • Sound Practices for Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Banks' Interactions with Highly Leveraged Institutions (Jan 1999) • Basel III (June 2011) – relevant references to counterparty credit risk standards 	Periodic submission of financial information by person authorised by the CMA to conduct securities businesses (APs) with net capital computation per Prudential Rules. APs are also subject to inspection visit on a periodic basis. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: With regard to counterparty Credit Risk Management, SAMA has taken a number of steps through the issuance of regulations covering the Basel Standards. Also, SAMA has recently issued a comprehensive document concerning guidance on credit risk management based on international best practices. Other measures include the implementation of Basle Committees Capital Reforms including Basel III	Web-links to relevant documents:

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				<p>which incorporates setting of capital requirements for counterparty credit risk and its supervisory review through the ICAAP process. Saudi Banks exposure to leveraged counterparties including Hedge Funds is minimal, however, SAMA is closely monitoring such exposures.</p> <p>Web-links to relevant documents: http://cma.org.sa/En/Pages/Implementing_Regulations.aspx</p>	

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III. Securitisation					
5 (7)	Improving the risk management of securitisation	During 2010, supervisors and regulators will: <ul style="list-style-type: none"> implement IOSCO’s proposals to strengthen practices in securitisation markets. (FSB 2009) 	Jurisdictions should indicate the progress made in implementing the recommendations contained in: <ul style="list-style-type: none"> IOSCO’s Report on Global Developments in Securitisation Regulation (Nov 2012) including justification for any exemptions to IOSCO requirements; and 	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): Expected commencement date: During 2010
8)		The BCBS and authorities should take forward work on improving incentives for risk management of securitisation, including considering due diligence and quantitative retention requirements by 2010. (London) Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them to act prudently. (Pittsburgh)	<ul style="list-style-type: none"> BCBS’s Basel 2.5 standards on exposures to securitisations (Jul 2009), http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf 	Issue is being addressed through : <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Reform effective (completed) as of : Dec. 30 2012 Short description of the content of the legislation/ regulation/guideline: Risk management of securitisation is addressed through the Prudential Rules (PRs) which was published in December 2012. The PRs, inter alia, regulates the capital adequacy requirements in accordance with BCBS’ Basel principles. The market intermediaries are required to apply the Standardised Approach based on Basel framework in treating their securitisation and resecuritisation exposures. Web-links to relevant documents: http://cma.org.sa/En/Documents/Final%20Draft%20Prudential%20Rules%20(English).pdf	Web-links to relevant documents:

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6 (9)	Strengthening of regulatory and capital framework for monolines	Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening the regulatory and capital framework for monolines.</p> <p>See, for reference, the following principles issued by IAIS:</p> <ul style="list-style-type: none"> • ICP 13 – Reinsurance and Other Forms of Risk Transfer • ICP 15 – Investments, and • ICP 17 - Capital Adequacy. <p>Jurisdictions may also refer to the IAIS Guidance paper on enterprise risk management for capital adequacy and solvency purposes (Oct 2008).</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product.</p> <p>See, for reference, the principles contained in IOSCO's report on Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments (Jul 2009) and Suitability Requirements for Distribution of Complex Financial Products (Jan 2013).</p> <p>Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).</p>	<p>Implementation ongoing or completed</p> <p><i>If "Not applicable " or "Applicable but no action envisaged ..." has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Periodic submission of financial information by Authorised Person (APs) with net capital computation per Prudential Rules. APs are also subject to inspection visit on a periodic basis..</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 1st January 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>SAMA has issued regulations related to BCBS Basel II.5 and Basel III for Banks to implement effective 1st January 2013, including the requirements on risk management of securitizations. The Banks follow strong investment risk management policies in accordance with rules established by SAMA.</p>	<p>Planned actions (if any):</p> <p>No further action necessary.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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				Web-links to relevant documents: http://cma.org.sa/En/Pages/Implementing_Regulations.aspx	

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8 (11)	Enhanced disclosure of securitised products	Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)	<p>Jurisdictions should indicate the policy measures taken for enhancing disclosure of securitised products.</p> <p>See, for reference, IOSCO's Report on Principles for Ongoing Disclosure for Asset-Backed Securities (Nov 2012) that complements IOSCO's Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities (Apr 2010).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>CMA conducts a number of supervisory visits on listed companies. Also, the CMA is continuously taking regulatory and other steps to disseminate information to investors to enhance their market knowledge and to apply full transparency.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Listing Rules, Announcements Instructions, Disclosure Forms 1.2.3.5.6.7 &8</p> <p>Web-links to relevant documents:</p> <p>http://cma.org.sa/ar/FormsSite/Pages/Disclosure.aspx; http://cma.org.sa/en/Pages/Implementing_Regulations.aspx</p>	<p>Planned actions (if any):</p> <p>The Saudi Stock Exchange "Tadawul" will develop Listed Companies disclosure mechanism during 2013, as all information and disclosure requirements of securities products will be released to the public through XBRL.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

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IV. Enhancing supervision					
9 (12)	Consistent, consolidated supervision and regulation of SIFIs	All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)	<p>Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs.²</p> <p>See, for reference, the following documents:</p> <p>Joint Forum:</p> <ul style="list-style-type: none"> • Principles for the supervision of financial conglomerates (Sep 2012) <p>BCBS:</p> <ul style="list-style-type: none"> • Framework for G-SIBs (Nov 2011) • Framework for D-SIBs (Oct 2012) • BCP 12 (Sep 2012) <p>IAIS:</p> <ul style="list-style-type: none"> • ICP 23 – Group wide supervision <p>FSB:</p> <ul style="list-style-type: none"> • Framework for addressing SIFIs (Nov 2011) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>SAMA regulates Banks and Insurance companies on a consolidated basis. These firms are subject to consistent supervision across the entire firm including their subsidiaries. Investment companies are regulated by CMA. SAMA has entered into a Memorandum of Cooperation with Capital Market Authority in February 2012 to achieve a high degree of coordination between them and strengthen oversight of entities subject to this control. There are no domestically incorporated G-SIFIs in Saudi Arabia, however branches of G-SIFIs are licensed and operating with SAMA as the host supervisory authority.</p>	<p>Planned actions (if any):</p> <p>We are currently developing a proposed methodology for identifying D-SIB, which is based on the Framework of D-SIB as issued in October 2012. We will be aiming to implement the D-SIB framework within the stipulated timeframe.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

² The scope of the follow-up to this recommendation will be revised once the monitoring framework on policy measures for G-SIFIs, which is one of the designated priority areas under the CFIM, is established.

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				<p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
10 (13)	Establishing supervisory colleges and conducting risk assessments	To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)	Reporting in this area should be undertaken solely by home jurisdictions of significant cross-border firms. Relevant jurisdictions should indicate the steps taken and status of establishing remaining supervisory colleges and conducting risk assessments.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any):
(14)		We agreed to conduct rigorous risk assessment on these firms through international supervisory colleges ...(Seoul)	See, for reference, the following documents: BCBS: <ul style="list-style-type: none"> • Good practice principles on supervisory colleges (Oct 2010) • Report and recommendations on cross-border bank resolution (Mar 2010) IOSCO: <ul style="list-style-type: none"> • Principles Regarding Cross-Border Supervisory Cooperation (May 2010) IAIS : <ul style="list-style-type: none"> • ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges • Guidance 25.6.20 and 25.8.16 on risk assessments by supervisory colleges 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: There are no domestically incorporated G-SIFIs in Saudi Arabia, however branches of G-SIFIs are licensed and operating with SAMA as the host supervisory authority. SAMA is participating in some existing and will participate in any new supervisory colleges established by the home authorities of foreign banks (G-SIFIs) operating in the Kingdom, where SAMA is the host supervisory Authority. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	Expected commencement date: On-going. Web-links to relevant documents:

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<p>11 (15)</p> <p>New</p>	<p>Supervisory exchange of information and coordination</p>	<p>To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)</p> <p>Enhance the effectiveness of core supervisory colleges. (FSB 2012)</p>	<p>Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the October 2006 Basel Core Principle (BCP) 25 (Home-host relationships) or, if more recent, the September 2012 BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.</p> <p>Jurisdictions should describe any regulatory, supervisory or legislative changes that will contribute to the sharing of supervisory information within core colleges (e.g. bilateral or multilateral MoUs).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>SAMA has entered into a Memorandum of Cooperation with Capital Market Authority in February 2012 to achieve a high degree of coordination between them and strengthen oversight of entities subject to their control. Furthermore, SAMA currently has home / host supervisory relationship with many foreign central banks / supervisory authorities. It has been extending supervisory cooperation and exchanging supervisory information with them as and when required. There are a number of instances where SAMA has shared supervisory information or extended supervisory cooperation to other supervisors. SAMA has also carried out Supervisory Review Visits to many countries and similarly many other supervisors have visited Saudi Arabia for supervisory purposes. Furthermore,</p>	<p>Planned actions (if any):</p> <p>On-going monitoring.</p> <p>Expected commencement date:</p> <p>On Going</p> <p>Web-links to relevant documents:</p>

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				<p>SAMA is also a member of relevant supervisory colleges. As such, there are no impediments that hinder the appropriate exchange of supervisory information under the relevant laws.</p> <p>Status of progress : Draft in preparation, expected publication by :</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	

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12 (16)	Strengthening resources and effective supervision	We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)	Jurisdictions should provide any feedback received from recent FSAPs/ROSC assessments on the October 2006 BCPs 1 and 23 or, if more recent, the September 2012 BCPs 1, 9 and 11. Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): A number of initiatives are currently underway for capacity building of our human resources and to introduce other tools and techniques for continuing improvements in the supervisory process.
(17)		Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)		Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : [No response]	Expected commencement date:
New		Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)	Jurisdictions should describe the outcomes of the most recent assessment of resource needs (e.g. net increase in supervisors, skills acquired and sought). Please indicate when this assessment was most recently conducted and when the next assessment is expected to be conducted.	Short description of the content of the legislation/ regulation/guideline: The 2011 FSAP stated that the Banking Control Law gives very broad powers to SAMA which can take supervisory actions where a bank adopts a policy which might affect its solvency or liquidity. The 2011 FSAP also noted that SAMA had sufficient amount of Supervisory staff resources to conduct a thorough Supervisory Program of Saudi Banks. SAMA carries out an annual review of resources needed to conduct its supervisory work and no constraints of any type were noted. The FSAP went on to state that SAMA has sufficient quality and quantity of resources to carry out its supervisory mandate. It also has the	Web-links to relevant documents: www.sama.gov.sa

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				<p>power to acquire additional temporary resources for highly specialized areas from the market and to use these to supplement its own resources. In its on-site and off-site supervision work SAMA ensures that the Banks have the capacity to understand and manage risks associated with innovation in terms of products and services as well as risk management systems. Banks are continuously challenged by SAMA on their ability to manage technology and innovation risks.</p> <p>Web-links to relevant documents: www.sama.gov.sa</p>	

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V. Building and implementing macroprudential frameworks and tools					
13 (18)	Establishing regulatory framework for macro-prudential oversight	Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks ³ and private pools of capital to limit the build up of systemic risk. (London)	Please describe the systems, methodologies and processes that have been put in place to identify macroprudential risks, including the analysis of risk transmission channels.	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i>	Planned actions (if any): On-going monitoring
(19)		Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)	Please indicate whether an assessment has been conducted with respect to the powers to collect and share relevant information among different authorities – where this applies – on financial institutions, markets and instruments to assess the potential for systemic risk. Please indicate whether the assessment has indicated any gaps in the powers to collect information, and whether any follow-up actions have been taken.	<p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Over the past several years, SAMA has implemented several measures and indicators for Macro prudential risks. SAMA is continuing to review these for further refinements as relevant. SAMA has entered into a Memorandum of Cooperation with Capital Market Authority in February 2012 to achieve a high degree of coordination between them and strengthen oversight of entities subject to their control. Furthermore, SAMA currently has home / host supervisory relationship with many foreign central banks / supervisory authorities. Also, Saudi Arabia has enacted on 27-8-2012 new laws to cover</p>	Expected commencement date: Web-links to relevant documents:

³ The recommendation as applicable to shadow banks will be retained until the monitoring framework for shadow banking, which is one of the designated priority areas under the CFIM, is established.

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				<p>mortgage, leasing, finance companies which are going to strengthen supervision over such companies. The Capital Market Authority is tasked with the regulation of Investment Funds, Private bonds of Capital, etc. SAMA has powers under the Banking Control Law for gathering relevant information. Article 15 of the Banking Control Law requires banks to provide SAMA with a monthly consolidated return. Furthermore, Article 17 of the said Law empower SAMA to require any bank to supply any information it deems necessary within such time and in such manner as maybe specified by it. In exercise of these powers, SAMA has introduced an Electronic Returns Management System(ERMS). The ERMS requires reports from banks on their domestic, foreign (both branches and subsidiaries) and consolidated operations. These reports are collected weekly, monthly, quarterly, semi-annually and annually depending on the nature of data to be submitted. Thus, SAMA has necessary powers to collect whatever information/data it requires. SAMA already prepares quarterly Financial Stability Indicators (FSI) for use in its monitoring of Systemic</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Financial Stability and also submits them to IMF. Status of progress : [No response] Short description of the content of the legislation/ regulation/guideline: Web-links to relevant documents:	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
14 (20)	Enhancing system-wide monitoring and the use of macro-prudential instruments	<p>Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level...(Rec. 3.1, FSF 2009)</p> <p>We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)</p>	<p>Please describe major changes in the institutional arrangements for macroprudential policy that have taken place in the past two years, including changes in: i) mandates and objectives; ii) powers and instruments; iii) transparency and accountability arrangements; iv) composition and independence of the decision-making body; and v) mechanisms for domestic policy coordination and consistency.</p> <p>Please indicate the use of macroprudential tools in the past two years, including the objective for their use and the process used to select, calibrate, and apply them.</p> <p>See, for reference, the CGFS document on Operationalising the selection and application of macroprudential instruments (Dec 2012).</p>	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>The Banking Control Law already provides for simple to understand quantitative leverage ratio for capital. SAMA also uses other simple ratios such as loans to deposit ratio in this regard. These ratios continue to be applied along with other risk sensitive ratios from the Basel Committee. In 2011, SAMA has introduced a new leverage ratio as proposed under the Basel III requirements.</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p>	<p>Planned actions (if any):</p> <p>SAMA has implemented these in the Banking system in Saudi Arabia in 2011 and will continue to monitor this ratio until 2015 when the BCBS will finalize it.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>
(21)		<p>Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)</p>	<p>Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on Macroprudential policy tools and frameworks (Oct 2011), and the IMF paper on Macroprudential policy, an organizing framework (Mar 2011).</p>	<p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
15 (22)	Improved cooperation between supervisors and central banks	Supervisors and central banks should improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during periods of market strain. (Rec. V.8 , FSF 2008)	<p>Jurisdictions can make reference to the following BCBS documents:</p> <ul style="list-style-type: none"> • Report and recommendations of the Cross-border Bank Resolution Group (Mar 2010) • Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : February 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>SAMA has entered into a Memorandum of Co-operation with Capital Market Authority in February 2012 to achieve a high degree of coordination between them and strengthen oversight of entities subject to their control. Furthermore, SAMA currently has home / host supervisory relationship with many foreign central banks / supervisory authorities. It has been extending supervisory cooperation and exchanging supervisory information with them as and when required. There are a number of instances where SAMA has shared supervisory information or extended supervisory cooperation to other supervisors. SAMA has also carried out</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Supervisory Review Visits to many countries and similarly many other supervisors have visited Saudi Arabia for supervisory purposes. Furthermore, SAMA is also a member of relevant supervisory colleges. As such, there are no impediments that hinder the exchange of appropriate supervisory information under the relevant laws.</p> <p>Web-links to relevant documents: www.sama.gov.sa</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI. Improving oversight of credit rating agencies (CRAs)					
16 (23)	Enhancing regulation and supervision of CRAs	All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs. They should also indicate its consistency with the following IOSCO document: • Code of Conduct Fundamentals for Credit Rating Agencies (May 2008)	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: The draft CRA Regulations was published for market consultation in December 2012. The comments received are currently being reviewed by the CMA. Status of progress : Draft in preparation, expected publication by : Short description of the content of the legislation/ regulation/guideline:	Planned actions (if any): Expected commencement date: Web-links to relevant documents:
(24)		National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process. CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process. The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)	Jurisdictions may also refer to the following IOSCO documents: • Principle 22 of Principles and Objectives of Securities Regulation (Jun 2010) which calls for registration and oversight programs for CRAs; • Statement of Principles Regarding the Activities of Credit Rating Agencies (Sep 2003) ; and		
(25)		Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)	• Credit Rating Agencies: Internal Controls Designed to Ensure the Integrity of the Credit Rating Process and Procedures to Manage Conflicts of Interest (Dec 2012) .	CRA Regulations regulate the conduct of rating activities in the Kingdom, and the monitoring thereof, and specifies the procedures and conditions for obtaining an authorisation, which reflect the international best practice and standards aiming at achieving the desired objectives. The CRA Regulations are drafted in accordance with international best practices and comply with IOSCO	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Principles including the IOSCO Code of Conduct Fundamentals for Credit Rating Agencies, and have adequate regulatory provisions for supervision of the prospective CRAs</p> <p>Web-links to relevant documents: http://cma.org.sa/En/News/Pages/CMA_N_1244.aspx</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17 (26)	Reducing the reliance on ratings	<p>We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)</p> <p>Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)</p> <p>We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)</p>	No information on this recommendation will be collected in the current IMN survey since a thematic peer review is taking place in this area during 2013.		

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII. Enhancing and aligning accounting standards					
18 (27)	Consistent application of high-quality accounting standards	Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)	Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are deemed to be equivalent to IFRSs as published by the IASB. They should also explain the system they have for enforcement of consistent application of those standards.	<p>Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Since 1992 IAS (International Accounting Standards) and IFRS (International Financial Reporting Standards) have been implemented in Saudi Arabia. SAMA is responsible for oversight of Banks, CMA for listed Companies and Saudi Organization of Certified Public Accountants (SOCPA) for other companies. SAMA, CMA and SOCPA cooperate and coordinate initiatives in close collaboration with the industry. Saudi Arabia relies on the developments of the Accounting Standards by the IASC and has adopted IFRS as and when issued.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>on going</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
<p>19 (28)</p> <p>(29)</p>	<p>Appropriate application of Fair Value Accounting</p>	<p>Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)</p> <p>Accounting standard setters and prudential supervisors should examine possible changes to relevant standards to dampen adverse dynamics potentially associated with fair value accounting. Possible ways to reduce this potential impact include the following: (1) Enhancing the accounting model so that the use of fair value accounting is carefully examined for financial instruments of credit intermediaries; (ii) Transfers between financial asset categories; (iii) Simplifying hedge accounting requirements. (Rec 3.5, FSF 2009)</p>	<p>Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.</p> <p>See, for reference, the following BCBS documents:</p> <ul style="list-style-type: none"> • Basel 2.5 standards on prudent valuation (Jul 2009) • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009) 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Use of valuation reserves or adjustment of fair value has been dealt in accordance with requirements of IAS and IFRS. Saudi Arabia is committed to follow the international standards where applicable. There is cooperation between supervisors and standard setters to ensure prudent monitoring of all the activities carried out by the entities which are subject to supervision of respective authorities.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>on-going</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII. Enhancing risk management					
20 (31)	Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks	Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)	Jurisdictions should indicate the policy measures taken to enhance guidance to strengthen banks' risk management practices. See, for reference, the Joint Forum's Principles for the supervision of financial conglomerates (Sep 2012) and the following BCBS documents:	Implementation ongoing or completed <i>If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification:</i>	Planned actions (if any): On-going process
(33)		National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)	<ul style="list-style-type: none"> • Principles for effective risk data aggregation and risk reporting (Jan 2013) • The Liquidity Coverage Ratio (LCR) (Jan 2013) • Principles for the sound management of operational risk (Jun 2011) • Principles for sound stress testing practices and supervision (May 2009) 	Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : [No response]	Expected commencement date:
(34)		Regulators and supervisors in emerging markets ⁴ will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)	Jurisdictions may also refer to FSB's February 2013 thematic peer review report on risk governance .	Short description of the content of the legislation/ regulation/guideline: SAMA has continued to issue regulations to strengthen banks risk management practices in line with international best practices. This has encouraged banks to strengthen and review their internal controls with regard to various financial risks which includes credit, liquidity, foreign currency, etc. and implement policies for sound risk management. The most recent regulations issued include the following on dates indicated:	Web-links to relevant documents:
(35)		We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)		<ul style="list-style-type: none"> • Principles for the supervision of financial conglomerates in September 2012 	

⁴ Only the emerging market jurisdictions may respond to this recommendation.

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<ul style="list-style-type: none"> • Principles for effective risk data aggregation and risk reporting in February 2013 • Basel Liquidity Coverage Ratio (LCR) in March 2013 • Principles for the sound management of operational risk in November 2011 • Principles for sound stress testing practices and supervision in August 2009 <p>In its regular supervisory process, SAMA continuously checks the implementation of such regulation.</p> <p>Web-links to relevant documents:</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21 (36)	Efforts to deal with impaired assets and raise additional capital	Our efforts to deal with impaired assets and to encourage the raising of additional capital must continue, where needed. (Pittsburgh)	Jurisdictions should indicate steps taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could include here the amount of new equity raised by banks operating in their jurisdictions during 2012.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Saudi Banking system had no major asset impairment issues arising from the global financial crisis. As a result no special measures were needed. SAMA has provided Banks specific guidance and direction to maintain strong capital and liquidity levels and for adequacy of their provisioning. Over the years, Banks have been required to use countercyclical practices for strengthening the levels of their capital and provisions. During 2012, Saudi Banks have continued to increase their Tier-1 and Tier-2 Capital through retention of profits and specific long-term debt issues that qualified as Tier-2 Capital, and in 2012,</p>	<p>Planned actions (if any):</p> <p>SAMA will continue to study and adopt the best international regulatory practices in this area.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>www.sama.gov.sa</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				approximately SR 4 billion were raised. Web-links to relevant documents: www.sama.gov.sa	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
22 (37)	Enhanced risk disclosures by financial institutions	Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)	Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on Enhancing the Risk Disclosures of Banks .	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>Reform effective (completed) as of : 1st January 2013</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Saudi Banks, Insurance companies and other Financial Institutions are subject to International Financial Reporting Standards and IFRS 7 has already been fully implemented in the financial sector in Saudi Arabia and IFRS 13 is being implemented effective January 2013. In addition, Banks are subject to and/are fully compliant with the Basel II, II.5 and III disclosure requirements.</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>Saudi Arabia will continue to implement relevant international disclosure requirements issued by the IFRS, Basel Committee, IOSCO and IAIS in the financial sector in Saudi Arabia.</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX. Strengthening deposit insurance					
23 (38)	Strengthening of national deposit insurance arrangements	National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	Jurisdictions should describe any revisions made to national deposit insurance system, including steps taken to address the recommendations of the FSB’s February 2012 thematic peer review report on deposit insurance systems .	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Under its Charter (1957), Saudi Arabian Monetary Agency (SAMA) has a specific mandate to "regulate" commercial banks as may be found appropriate. Depositor Protection is one of SAMA's objectives under its mandate. The 1966 Banking Control Law has explicit provisions that have enabled SAMA to establish a Depositor Protection Framework (DPF) that is considered as an alternative arrangement to a Deposit Insurance Scheme but shares many features similar to such schemes in other countries. The key provisions of the Banking Control Law that underpin the Depositor Protection Framework include the following: (i) Banks are required to</p>	<p>Planned actions (if any):</p> <p>SAMA also has an interest in conventional alternatives and may study the need for a Deposit Insurance Scheme in due course.</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p> <p>www.sama.gov.sa</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>maintain with the Agency at all times a statutory deposit of a sum not less than a specified percentage of deposit liabilities (the limit can be varied with the approval of the Minister of Finance). Currently, the ratios are 7% on demand and 4% on time deposits. (ii) Banks are required to maintain a liquid reserve of up to 20% of deposit liabilities in specified liquid assets. (iii) Banks are to transfer not less than 25% of their annual profit to a legal reserve until it equals their paid-up capital. (iv) Banks are to cap their deposit liabilities to fifteen times their paid-up capital and reserves. All features listed above are aimed at creating a strong Banking system that would ensure comprehensive protection of depositors. Over the years, the DPF has been used by the Agency to provide for depositor protection and to maintain and promote financial system stability</p> <p>Web-links to relevant documents: www.sama.gov.sa</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X. Safeguarding the integrity and efficiency of financial markets					
24 (39)	Enhancing market integrity and efficiency	We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)	<p>Jurisdictions should indicate the progress made in implementing the following IOSCO reports:</p> <ul style="list-style-type: none"> • Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency (Oct 2011); and • Report on Principles for Dark Liquidity (May 2011). 	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation /Guidelines</p> <p><input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify:</p> <p>Articles Five and Six of the Capital Market Law (CML) stipulate that the CMA seeks to develop the procedures that would reduce the risks related to securities transactions and to monitor securities trading to protect investors from unfair or unsound practices, involving fraud, deceit or manipulation. Moreover, Articles Forty Nine , Fifty, Fifty Five, Fifty Six, Fifty Seven, Sixty and Sixty One of the CML further set out the practices and actions that constitute a violation of the provisions of the CML. As such, the CMA monitors the trading of securities. The CMA continues to strengthen its supervisory and surveillance performance by intensifying close monitoring of all trading transactions to ensure compliance of market participants with the CML and its Implementing Regulations. Trading</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<p>Surveillance Mechanism The process of trading surveillance is carried out as follows: 1. The electronic surveillance system (SMARTS) generates alerts on any practices or trades that are suspected of violating the CML and its Implementing Regulations. 2. Intensive scanning is conducted on all daily trades and deals by analyzing market data and reviewing executed orders and transactions. 3. Reports are then produced on any suspected violation of the CML and its Implementing Regulations and forwarded to the concerned division/department for further investigation and necessary action.</p> <p>Status of progress :</p> <p>Reform effective (completed) as of : 2004/2012</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Market Conduct Regulations and Market Conduct Guidelines</p> <p>Web-links to relevant documents:</p> <p>http://cma.org.sa/En/Documents/Market%20Conduct%20Regulation-26-8-009.pdf ;http://cma.org.sa/En/IA/Documents/16_Examples_of_some_violations.pdf</p>	

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
25 (40)	Enhanced market transparency in commodity markets	We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)	<p>Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.</p> <p>See, for reference, IOSCO’s report on Principles for the Regulation and Supervision of Commodity Derivatives Markets (Sep 2011).</p> <p>Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the report published by the IOSCO’s Committee on Commodity Futures Markets based on a survey conducted amongst its members in April 2012 on regulation in commodity derivatives market.</p>	<p>Not applicable</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
26 New	Legal Entity Identifier	<p>We support the creation of a global legal entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)</p> <p>We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)</p>	Jurisdictions should indicate whether they have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	<p>Implementation ongoing or completed</p> <p><i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i></p> <p>Issue is being addressed through :</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation /Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions), please specify: <p>Active participation in various international committees.</p> <p>Status of progress :</p> <p>[No response]</p> <p>Short description of the content of the legislation/ regulation/guideline:</p> <p>Web-links to relevant documents:</p>	<p>Planned actions (if any):</p> <p>SAMA has joined the ROC since its establishment on January 10th, and SAMA and an internal working group is assessing the feasibility of setting up an LOU</p> <p>Expected commencement date:</p> <p>Web-links to relevant documents:</p>

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
XI. Enhancing financial consumer protection					
27 (41)	Enhancing financial consumer protection	We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)	Jurisdictions should describe progress toward implementation of the OECD's G-20 high-level principles on financial consumer protection (Oct 2011) .	Implementation ongoing or completed <i>If “ Not applicable “ or “Applicable but no action envisaged ...” has been selected, please provide a brief justification:</i> Issue is being addressed through : <input type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation /Guidelines <input type="checkbox"/> Other actions (such as supervisory actions), please specify: Status of progress : Draft published as of : 8th April 2013 Short description of the content of the legislation/ regulation/guideline: • ‘General Principles for Consumer Protection KSA’. Modelled on G20 Principles and customised for our local market • The ‘General Principles for Consumer Protection KSA’ are included in the draft document ‘Principles of Bank Consumer Protection’, which set out enhanced consumer requirements for banking consumers Web-links to relevant documents: www.sama.gov.sa/News/Pages/PrinciplesOfTheProtectionOfBankCustomers.aspx	Planned actions (if any): • Enhanced consumer protection guidelines to issue for all sectors (Insurance, Finance Companies & Money Exchangers, in addition to Banking consumers) • Consumer-friendly guides to issue covering main financial products and services • Financial inclusion working committee to be set up and financial inclusion strategy developed • Financial education initiatives to be planned and implemented for all sectors of society • Enhanced complaints management mechanism to be implemented Expected commencement date: • All initiatives to be commenced by December 31st 2013 Web-links to relevant documents:

XII. Source of recommendations:

[Los Cabos: The G20 Leaders Declaration \(18-19 June 2012\)](#)

[Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)

[Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)

[Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)

[Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)

[London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)

[Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)

[FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)

[FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)

[FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)

[FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)

XIII. List of Abbreviations used:

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