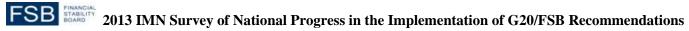


Saudi Arabia **Jurisdiction:** 

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

- I. Refining the regulatory perimeter
- II. Hedge funds
- **III. Securitisation**
- IV. Enhancing supervision
- V. Building and implementing macroprudential frameworks and tools
- VI. Improving oversight of credit rating agencies (CRAs)
- VII. Enhancing and aligning accounting standards
- VIII. Enhancing risk management
- IX. Strengthening deposit insurance
- X. Safeguarding the integrity and efficiency of financial markets
- XI. Enhancing financial consumer protection
- XII. Reference to source of recommendations
- **XIII. List of Abbreviations**





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
I.	Refining the regulator	y perimeter			
1	Review of the	We will each review and adapt the	Jurisdictions should indicate the steps	Implementation ongoing or completed	Planned actions (if any):
(1)	boundaries of the regulatory framework including strengthening of oversight of shadow banking	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)  We agree to strengthen the regulation and oversight of the shadow banking system. (Cannes)	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.  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.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ 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.	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

<sup>&</sup>lt;sup>1</sup> 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.



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	Web-links to relevant documents:
				http://www.sama.gov.sa/sites/samaen/Finance/Pages/Laws.aspx	http://www.sama.gov.sa/sites/samaen/Finance/Pages/Laws.aspx



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
II.	Hedge funds				
2 (3)	Registration, appropriate disclosures and oversight of hedge funds	We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds(Seoul)  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)	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.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  Investment Funds Regulations Listing Rules  Status of progress:  Reform effective (completed) as of:  December 2006  Short description of the content of the legislation/ regulation/guideline:  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	Planned actions (if any):  Expected commencement date:  Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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	

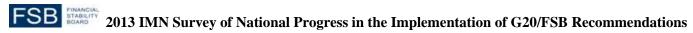


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
3 (4)	Establishment of international information sharing	We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to	Jurisdictions should indicate the progress made in implementing the high level principles in IOSCO's <i>Report on Hedge</i>	Applicable but no action envisaged at the moment  If "Not applicable "or "Applicable but"	Planned actions (if any):
	framework	ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will,	Fund Oversight (Jun 2009) on sharing information to facilitate the oversight of globally active fund managers.	no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)	growing active rand managers.	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).	Web-links to relevant documents:
				Issue is being addressed through:  ☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of:  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
<b>No</b> 4 (5)	Description Enhancing counterparty risk management	G20/FSB Recommendations  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	Progress to date  Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  ☑ Primary / Secondary legislation ☑ Regulation / Guidelines	Next steps  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> <li>Sound Practices for Banks'         Interactions with Highly Leveraged         Institutions (Jan 1999)</li> <li>Banks' Interactions with Highly         Leveraged Institutions (Jan 1999)</li> <li>Basel III (June 2011) – relevant         references to counterparty credit risk         standards</li> </ul>	Other actions (such as supervisory actions), please specify:  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:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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.	
				Web-links to relevant documents:	
				http://cma.org.sa/En/Pages/Implementing	
				_Regulations.aspx	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
III.	Securitisation				
5	Improving the risk management of	During 2010, supervisors and regulators will:	Jurisdictions should indicate the progress made in implementing the	Implementation ongoing or completed	Planned actions (if any):
(7)	securitisation	• implement IOSCO's proposals to strengthen practices in securitisation	recommendations contained in: • IOSCO's <i>Report on Global</i>	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		markets. (FSB 2009)	Developments in Securitisation  Regulation (Nov 2012) including	Issue is being addressed through:  ☐ Primary / Secondary legislation	During 2010
(8)		The BCBS and authorities should take forward work on improving incentives	justification for any exemptions to IOSCO requirements; and	☑ Regulation /Guidelines	Web-links to relevant documents:
		for risk management of securitisation, including considering due diligence and	BCBS's Basel 2.5 standards on exposures to securitisations (Jul 2009),	☐ Other actions (such as supervisory actions), please specify:  Status of progress:	
		quantitative retention requirements by 2010. (London)	http://www.bis.org/publ/bcbs157.pdf and http://www.bis.org/publ/bcbs158.pdf	Reform effective (completed) as of: Dec. 30 2012	
		Securitization sponsors or originators should retain a part of the risk of the underlying assets, thus encouraging them		Short description of the content of the legislation/regulation/guideline:	
		to act prudently. (Pittsburgh)		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	
				web-links to relevant documents: http://cma.org.sa/En/Documents/Final%2	
				0Draft%20Prudential%20Rules%20(Eng lish).pdf	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
6	Strengthening of	Insurance supervisors should strengthen	Jurisdictions should indicate the policy	Not applicable	Planned actions (if any):
(9)	regulatory and capital framework for monolines	the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8 ,FSF 2008)	measures taken for strengthening the regulatory and capital framework for monolines.	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
			See, for reference, the following	Issue is being addressed through :	
			principles issued by IAIS:	☐ Primary / Secondary legislation	Web-links to relevant documents:
			• <u>ICP 13</u> – Reinsurance and Other	☐ Regulation /Guidelines	
			Forms of Risk Transfer  • ICP 15 – Investments, and	☐ Other actions (such as supervisory actions), please specify:	
				Status of progress :	
			• <u>ICP 17</u> - Capital Adequacy.	Reform effective (completed) as of:	
			Jurisdictions may also refer to the IAIS <u>Guidance paper on enterprise</u> <u>risk management for capital adequacy</u>	Short description of the content of the legislation/ regulation/guideline:	
			and solvency purposes (Oct 2008).	Web-links to relevant documents:	

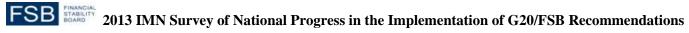


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
7 (10)	Strengthening of supervisory requirements or best practices for investment in structured products	Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18 ,FSF 2008)	Jurisdictions should indicate the policy measures taken for strengthening best practices for investment in structured product.  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).  Jurisdictions may also refer to the Joint Forum report on Credit Risk Transfer-Developments from 2005-2007 (Jul 2008).	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  ☑ Primary / Secondary legislation  ☑ Regulation /Guidelines  ☑ Other actions (such as supervisory actions), please specify:  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  Status of progress:  Reform effective (completed) as of: 1st January 2013  Short description of the content of the legislation/ regulation/guideline:  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.	Planned actions (if any): No further action necessary.  Expected commencement date:  Web-links to relevant documents:

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Web-links to relevant documents:	
				http://cma.org.sa/En/Pages/Implementing _Regulations.aspx	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
8	Enhanced disclosure of	Securities market regulators should work	Jurisdictions should indicate the policy	Implementation ongoing or completed	Planned actions (if any):
	-			Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  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.  Status of progress:  Reform effective (completed) as of: 2012  Short description of the content of the legislation/ regulation/guideline:	-
				Short description of the content of the legislation/ regulation/guideline: Listing Rules, Announcements Instructions, Disclosure Forms 1.2.3.5.6.7 &8	
				Web-links to relevant documents:	
				http://cma.org.sa/ar/FormsSite/Pages/Disclosure.aspx;http://cma.org.sa/en/Pages/Implementing_Regulations.aspx	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
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)	Jurisdictions should indicate the policy measures taken for implementing consistent, consolidated supervision and regulation of SIFIs. <sup>2</sup> See, for reference, the following documents:  Joint Forum:  • Principles for the supervision of financial conglomerates (Sep 2012)  BCBS:  • Framework for G-SIBs (Nov 2011)  • Framework for D-SIBs (Oct 2012)  • BCP 12 (Sep 2012)  IAIS:  ICP 23 – Group wide supervision  FSB:  • Framework for addressing SIFIs (Nov 2011)	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through: □ Primary / Secondary legislation □ Regulation /Guidelines □ Other actions (such as supervisory actions), please specify:  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.	Planned actions (if any):  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.  Expected commencement date:  Web-links to relevant documents:

<sup>&</sup>lt;sup>2</sup> 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.

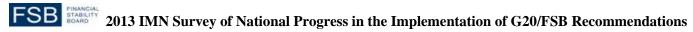
#### 2013 IMN Survey of National Progress in the Implementation of G20/FSB Recommendations

<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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
10	Establishing	To establish the remaining supervisory	Reporting in this area should be	Implementation ongoing or completed	Planned actions (if any):
(13)	supervisory colleges and conducting risk assessments	colleges for significant cross-border firms by June 2009. (London)	undertaken solely by home jurisdictions of significant cross-border firms.  Relevant jurisdictions should indicate the steps taken and status of establishing	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date: On-going.
			remaining supervisory colleges and	Issue is being addressed through:	on going.
(14)		We agreed to conduct rigorous risk	conducting risk assessments.	☐ Primary / Secondary legislation	Web-links to relevant documents:
(14)		assessment on these firms through	See, for reference, the following	☐ Regulation /Guidelines	vveb-mas to relevant documents.
		international supervisory colleges	documents:	☑ Other actions (such as supervisory actions), please specify:	
		(Seoul)	<ul> <li>Good practice principles on supervisory colleges (Oct 2010)</li> <li>Report and recommendations on crossborder bank resolution (Mar 2010)</li> <li>IOSCO:</li> <li>Principles Regarding Cross-Border Supervisory Cooperation (May 2010)</li> </ul>	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)	
			IAIS:	operating in the Kingdom, where SAMA is the host supervisory Authority.	
			<ul> <li>ICP 25 and Guidance 25.1.1 – 25.1.6 on establishment of supervisory colleges</li> <li>Guidance 25.6.20 and 25.8.16 on</li> </ul>	Status of progress: [No response]  Short description of the content of the legislation/ regulation/guideline:	
			risk assessments by supervisory colleges	Web-links to relevant documents:	





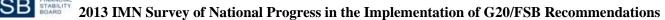
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
11	Supervisory exchange	To quicken supervisory responsiveness to	Jurisdictions should include any feedback	Implementation ongoing or completed	Planned actions (if any):
(15)	of information and coordination	developments that have a common effect across a number of institutions, supervisory exchange of information and	received from recent FSAPs/ROSC assessments on the <u>October 2006</u> Basel Core Principle (BCP) 25 (Home-host	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	On-going monitoring.  Expected commencement date:
		coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7, FSF 2008)	relationships) or, if more recent, the <u>September 2012</u> 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	Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:  SAMA has entered into a Memorandum	Expected commencement date: On Going Web-links to relevant documents:
New		Enhance the effectiveness of core supervisory colleges. (FSB 2012)	recommendations.  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).	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,	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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.	
				Status of progress :	
				Draft in preparation, expected	
				publication by :	
				Short description of the content of the legislation/regulation/guideline:	
				Web-links to relevant documents:	

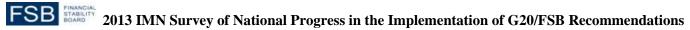


No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 12 (16)	Description Strengthening resources and effective supervision	G20/FSB Recommendations  We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)  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)  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)	Remarks  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.  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.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  Primary / Secondary legislation  Regulation /Guidelines  Other actions (such as supervisory actions), please specify:  Status of progress:  [No response]  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 though 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	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.  Expected commencement date:  Web-links to relevant documents:  www.sama.gov.sa
				to state that SAMA has sufficient quality and quantity of resources to carry out its supervisory mandate. It also has the	



<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
			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.	
			XX 1 12 1 4 1 4 1	
			Web-links to relevant documents:	
			www.sama.gov.sa	
	Description	Description G20/FSB Recommendations	Description G20/FSB Recommendations Remarks	power to acquire additional temporary resources for highly specialized areas from the market and to use these to supplement its own resources. In its onsite 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.  Web-links to relevant documents:





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
V. 1	Building and implemen	nting macroprudential frameworks and	d tools		
13	Establishing regulatory	Amend our regulatory systems to ensure	Please describe the systems,	Implementation ongoing or completed	Planned actions (if any):
( - /	framework for macro- prudential oversight	authorities are able to identify and take account of macro-prudential risks across	methodologies and processes that have been put in place to identify	If "Not applicable "or "Applicable but no action envisaged" has been	On-going monitoring
		the financial system including in the case of regulated banks, shadow banks <sup>3</sup> and	macroprudential risks, including the analysis of risk transmission channels.	selected, please provide a brief justification:	Expected commencement date:
		private pools of capital to limit the build		Issue is being addressed through :	
		up of systemic risk. (London)	Please indicate whether an assessment	☐ Primary / Secondary legislation	
			has been conducted with respect to the	☐ Regulation /Guidelines	Web-links to relevant documents:
(19)		Ensure that national regulators possess the powers for gathering relevant	powers to collect and share relevant information among different authorities –	☑ Other actions (such as supervisory actions), please specify:	
		information on all material financial	where this applies – on financial	Over the past several years, SAMA has	
		institutions, markets and instruments in	institutions, markets and instruments to	implemented several measures and	
		order to assess the potential for failure or	assess the potential for systemic risk.	indicators for Macro prudential risks.	
		severe stress to contribute to systemic	Please indicate whether the assessment	SAMA is continuing to review these for	
		risk. This will be done in close	has indicated any gaps in the powers to	further refinements as relevant. SAMA	
		coordination at international level in	collect information, and whether any	has entered into a Memorandum of	
		order to achieve as much consistency as	follow-up actions have been taken.	Cooperation with Capital Market	
		possible across jurisdictions. (London)		Authority in February 2012 to achieve a	
				high degree of coordination between	
				them and strengthen oversight of entities	
				subject to their control. Furthermore,	
				1	
				1	
				·	
				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	

<sup>&</sup>lt;sup>3</sup> 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.

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

<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

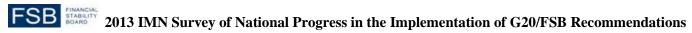
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
	_			mortgage, leasing, finance companies	
				which are going to strengthen	
				supervision over such companies. The	
				Capital Market Authority is tasked with	
				the regulation of Investment Funds,	
				Private bonds of 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	



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	Enhancing system-wide	Authorities should use quantitative	Please describe major changes in the	Implementation ongoing or completed	Planned actions (if any):
(20)	monitoring and the use of macro-prudential instruments	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)  We are developing macro-prudential	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.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:  The Banking Control Law already	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.  Expected commencement date:
		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)	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.  See, for reference, the CGFS document on <i>Operationalising the selection and application of macroprudential instruments</i> ( <i>Dec</i> 2012).	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	Web-links to relevant documents:
(21)		Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)	Jurisdictions can also refer to the FSB-IMF-BIS progress report to the G20 on <u>Macroprudential policy tools and frameworks (Oct 2011)</u> , and the IMF paper on <u>Macroprudential policy, an organizing framework (Mar 2011)</u> .	requirements.  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
15	Improved cooperation	Supervisors and central banks should	Jurisdictions can make reference to the	Implementation ongoing or completed	Planned actions (if any):
(22)	between supervisors and central banks	improve cooperation and the exchange of information including in the assessment of financial stability risks. The exchange of information should be rapid during	following BCBS documents:  • Report and recommendations of the  Cross-border Bank Resolution Group	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
		of information should be rapid during periods of market strain. (Rec. V.8, FSF 2008)	Cross-border Bank Resolution Group (Mar 2010)  Good Practice Principles on Supervisory Colleges (Oct 2010) (Principles 2, 3 and 4 in particular)	Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:  Status of progress:  Reform effective (completed) as of: February 2012  Short description of the content of the legislation/ regulation/guideline:  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	Web-links to relevant documents:
				instances where SAMA has shared supervisory information or extended supervisory cooperation to other supervisors. SAMA has also carried out	

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

<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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.	
				Web-links to relevant documents:	
				www.sama.gov.sa	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VI.	Improving oversight o	f 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	Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been	Planned actions (if any):
	CKAS	registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals.	They should also indicate its consistency with the following IOSCO document:  • Code of Conduct Fundamentals for	selected, please provide a brief justification:  Issue is being addressed through:	Expected commencement date:  Web-links to relevant documents:
(24)		(London)  National authorities will enforce compliance and require changes to a rating agency's practices and procedures	Credit Rating Agencies (May 2008)  Jurisdictions may also refer to the following IOSCO documents:	<ul> <li>□ Primary / Secondary legislation</li> <li>☑ Regulation /Guidelines</li> <li>☑ Other actions (such as supervisory actions), please specify:</li> </ul>	
		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	<ul> <li>Principle 22 of <u>Principles and</u> <u>Objectives of Securities Regulation</u>         (<u>Jun 2010</u>) which calls for registration and oversight programs for CRAs;     </li> <li><u>Statement of Principles Regarding the</u></li> </ul>	The draft CRA Regulations was published for market consultation in December 2012. The comments received are currently being reviewed by the CMA.	
		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	Activities of Credit Rating Agencies (Sep 2003); and  • Credit Rating Agencies: Internal Controls Designed to Ensure the	Status of progress:  Draft in preparation, expected publication by:  Short description of the content of the legislation/regulation/guideline:	
(25)		through IOSCO. (London)  Regulators should work together towards	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	
(25)		appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)		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	



<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				Principles including the IOSCO Code of	
				Conduct Fundamentals for Credit Rating	
				Agencies, and have adequate regulatory	
				provisions for supervision of the	
				prospective CRAs	
				Web-links to relevant documents:	
				http://cma.org.sa/En/News/Pages/CMA_	
				N_1244.aspx	



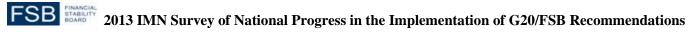
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
17	Reducing the reliance	We also endorsed the FSB's principles on	No information on this recommendation		
(26)	on ratings	reducing reliance on external credit	will be collected in the current IMN		
		ratings. Standard setters, market	survey since a thematic peer review is		
		participants, supervisors and central	taking place in this area during 2013.		
		banks should not rely mechanistically on			
		external credit ratings. (Seoul)			
		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)			
		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)			



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VII.	Enhancing and alignin	g accounting standards			
	•		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.	Implementation ongoing or completed  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  ☑ Other actions (such as supervisory actions), please specify:  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.	Planned actions (if any): on going  Expected commencement date:  Web-links to relevant documents:



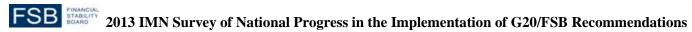
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 19 (28)	Appropriate application of Fair Value Accounting	G20/FSB Recommendations  Accounting standard setters and prudential supervisors should examine the use of valuation reserves or adjustments for fair valued financial instruments when data or modelling needed to support their valuation is weak. (Rec. 3.4, FSF 2009)  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)	Remarks  Jurisdictions should indicate the policy measures taken for appropriate application of fair value accounting.  See, for reference, the following BCBS documents:  • Basel 2.5 standards on prudent valuation (Jul 2009)  • Supervisory guidance for assessing banks' financial instrument fair value practices (Apr 2009)	Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  ☑ Other actions (such as supervisory actions), please specify:  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.  Status of progress:  Reform effective (completed) as of: 2012  Short description of the content of the	Planned actions (if any): on-going  Expected commencement date:  Web-links to relevant documents:
				2012	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
VIII.	Enhancing risk manag	gement			
20 (31)	Enhancing guidance to strengthen banks' risk	Regulators should develop enhanced guidance to strengthen banks' risk	Jurisdictions should indicate the policy measures taken to enhance guidance to	Implementation ongoing or completed  If "Not applicable "or "Applicable but	Planned actions (if any): On-going process
	management practices, including on liquidity and foreign currency	management practices, in line with international best practices, and should encourage financial firms to re-examine	strengthen banks' risk management practices. See, for reference, the Joint Forum's	no action envisaged" has been selected, please provide a brief justification:	Expected commencement date:
	funding risks	their internal controls and implement	Principles for the supervision of financial	Issue is being addressed through :	
		strengthened policies for sound risk	conglomerates (Sep 2012) and the	☐ Primary / Secondary legislation	
		management. (Washington)	following BCBS documents:	☐ Regulation /Guidelines	Web-links to relevant documents:
(33)		National supervisors should closely check banks' implementation of the updated	Principles for effective risk data     aggregation and risk reporting (Jan	☐ Other actions (such as supervisory actions), please specify:	
		guidance on the management and	<u>2013)</u>	Status of progress :	
		supervision of liquidity as part of their regular supervision. If banks'	• The Liquidity Coverage Ratio (LCR) (Jan 2013)	[No response]	
		implementation of the guidance is inadequate, supervisors will take more	Principles for the sound management of operational risk (Jun 2011)	Short description of the content of the legislation/regulation/guideline:	
		prescriptive action to improve practices.	Principles for sound stress testing	SAMA has continued to issue regulations	
		(Rec. II.10, FSF 2008)	practices and supervision (May 2009)	to strengthen banks risk management	
		Dl. ( I		practices in line with international best	
(34)		Regulators and supervisors in emerging markets <sup>4</sup> will enhance their supervision	Jurisdictions may also refer to FSB's	practices. This has encouraged banks to	
		*	February 2013 <i>thematic peer review</i>	strengthen and review their internal	
		of banks' operation in foreign currency funding markets. (FSB 2009)	report on risk governance.	controls with regard to various financial	
		Tuilding markets. (FSB 2009)	report of this governance.	risks which includes credit, liquidity,	
				foreign currency, etc. and implement	
(35)		We commit to conduct robust, transparent		policies for sound risk management.	
		stress tests as needed. (Pittsburgh)		The most recent regulations issued	
				include the following on dates indicated:	
				• Principles for the supervision of financial conglomerates in September 2012	

<sup>&</sup>lt;sup>4</sup> Only the emerging market jurisdictions may respond to this recommendation.

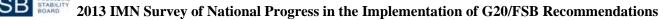




No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				<ul> <li>Principles for effective risk data aggregation and risk reporting in February 2013</li> <li>Basel Liquidity Coverage Ratio (LCR) in March 2013</li> <li>Principles for the sound management of operational risk in November 2011</li> <li>Principles for sound stress testing practices and supervision in August 2009</li> </ul>	
				In its regular supervisory process, SAMA continuously checks the implementation of such regulation.  Web-links to relevant documents:	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
21	Efforts to deal with	Our efforts to deal with impaired assets	Jurisdictions should indicate steps	Implementation ongoing or completed	Planned actions (if any):
(36)	impaired assets and raise additional capital	and to encourage the raising of additional capital must continue, where needed.  (Pittsburgh)	taken to reduce impaired assets and encourage additional capital raising. For example, jurisdictions could	If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:	SAMA will continue to study and adopt the best international regulatory practices in this area.
			include here the amount of new equity	Issue is being addressed through:	
			raised by banks operating in their jurisdictions during 2012.	☐ Primary / Secondary legislation	Expected commencement date:
			Jurisdictions during 2012.	☐ Regulation /Guidelines	
				☐ Other actions (such as supervisory actions), please specify:	Web-links to relevant documents:
				Status of progress :	www.sama.gov.sa
				Reform effective (completed) as of: 2012	
				Short description of the content of the legislation/ regulation/guideline:	
				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 countercylcical	
				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,	

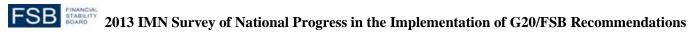


<b>FSB</b>	FINANCIAL STABILITY BOARD
------------	---------------------------------

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	

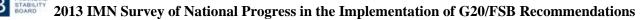


No	date	rogress to da	gress to date		Next steps	
22	g or con	on ongoing or	ongoing or com	npleted	Planned actions (if any):	
(37)	' has b	isaged" has	able " or "Applic aged" has bee provide a brief	en	Expected commencement date:	
			nddressed throug Secondary legisla	U	Web-links to relevant documents:	
	ines	on /Guidelines	/Guidelines		Saudi Arabia will continue to implem	ent
	as sup	tions (such as s please specify	ons (such as supe lease specify:	ervisory	relevant international disclosure requirements issued by the IFRS, Bas	sel
		ogress :	ress:		Committee, IOSCO and IAIS in the	
	oleted) a	tive (complete	ve (completed) as	as of: 1st	financial sector in Saudi Arabia.	
	ne cont guideli	otion of the co egulation/guid	ion of the conte ulation/guidelin	ent of the ne:		
	ons are Reporting as alreade finance. S 13 is anuary ect to a Basel 1	al Institutions a Financial Repo I IFRS 7 has al ented in the fina ia and IFRS 13 effective Janua ks are subject t	Isurance companial Institutions are sunancial Reporting FRS 7 has alread ted in the financial and IFRS 13 is befective January 2 are subject to an with the Basel II equirements.	subject to ng dy been ial sector being 2013. In nd/are		
	ect to a Basel  nts.	ks are subject t nt with the Bas requirements.	are subject to an with the Basel II	nd/are I, II.5 and		





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
IX.	<b>Strengthening deposit</b>	insurance			
23	Strengthening of	National deposit insurance arrangements	Jurisdictions should describe any	Not applicable	Planned actions (if any):
(38)	national deposit insurance arrangements	should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)	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.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines	SAMA also has an interest in conventional alternatives and may study the need for a Deposit Insurance Scheme in due course.  Expected commencement date:
				✓ Other actions (such as supervisory actions), please specify:  Status of progress:	Web-links to relevant documents:
				[No response]	www.sama.gov.sa
				Short description of the content of the legislation/regulation/guideline:	
				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	

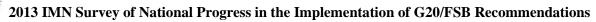


<b>FSB</b>	FINANCIAL
	BOARD

No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
				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	
				Web-links to relevant documents:	
				www.sama.gov.sa	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
X.	Safeguarding the integ	rity and efficiency of financial markets	S		
	-			Implementation ongoing or completed  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ Other actions (such as supervisory actions), please specify:  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	Planned actions (if any):  Expected commencement date:  Web-links to relevant documents:



<b>FSB</b>	FINANCIA: STABILITY BOARD
------------	---------------------------------

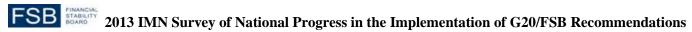
No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
140	Description	G20/F3D Recommendations	Remarks	Surveillance Mechanism The process of trading surveillance is carried out as follows: 1. The electronic surveillance system (SMARTS) generates alerts on any practices or trades that 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	Text steps
				action.  Status of progress:	
				Reform effective (completed) as of: 2004/2012	
				Short description of the content of the legislation/ regulation/guideline:	
				Market Conduct Regulations and Market Conduct Guidelines	
				Web-links to relevant documents:	
				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	



No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps
No 25 (40)	Description  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	Remarks  Jurisdictions should indicate the policy measures taken to enhance market transparency in commodity markets.  See, for reference, IOSCO's report on Principles for the Regulation and Supervision of Commodity Derivatives	Not applicable  If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:	Next steps  Planned actions (if any):  Expected commencement date:  Web-links to relevant documents:
		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 exante 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)	Markets (Sep 2011).  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.	☐ Primary / Secondary legislation ☐ Regulation /Guidelines ☐ Other actions (such as supervisory actions), please specify:  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
26	Legal Entity Identifier	We support the creation of a global legal	Jurisdictions should indicate whether they	Implementation ongoing or completed	Planned actions (if any):
New		entity identified (LEI) which uniquely identifies parties to financial transactions. (Cannes)  We encourage global adoption of the LEI to support authorities and market participants in identifying and managing financial risks. (Los Cabos)	have joined Regulatory Oversight Committee (ROC) and whether they intend setting up Local Operating Unit (LOU) in their jurisdiction.	If "Not applicable "or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation □ Regulation / Guidelines □ Other actions (such as supervisory actions), please specify:	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  Expected commencement date:
				Active participation in various international committees.  Status of progress:  [No response]  Short description of the content of the legislation/regulation/guideline:	Web-links to relevant documents:
				Web-links to relevant documents:	





No	Description	G20/FSB Recommendations	Remarks	Progress to date	Next steps				
XI.	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  If "Not applicable " or "Applicable but no action envisaged" has been selected, please provide a brief justification:  Issue is being addressed through:  □ Primary / Secondary legislation  □ Regulation /Guidelines  □ 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/Principles OfTheProtectionOfBankCustomers.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:				



#### **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	Ab	brev	<u>viations</u>	used: