



RCAP jurisdictional assessments: self-reporting monitoring template for RCAP follow-up actions

Jurisdiction: Saudi Arabia

Status as of: 31 December 2018

With reference to RCAP report(s): Assessment of Basel III risk-based capital and LCR regulations – Saudi Arabia (September 2015)

Part A¹

Post-RCAP follow up: Changes applied to local regulations of the Basel Framework relating to risk-based capital standards (RCAP-Capital)

Table A

(1) Issue and/or relevant Basel paragraph number(s)	(2) Detailed description of finding (please indicate as precisely as possible the finding as identified in the relevant RCAP assessment report)	(3) Detailed reference to the domestic legislation/regulation that addresses the finding	(4) Summary description of amendment or rectification made
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¹ To be completed only for those findings where action has been taken or initiated. Any plans for addressing other findings may be indicated in Part B.

Post-RCAP follow up: Changes applied to local regulations of the Basel Framework relating to liquidity coverage ratio standards (RCAP-LCR)

Table B

(1) Issue and/or relevant Basel paragraph number(s)	(2) Detailed description of finding (please indicate as precisely as possible the finding as identified in the relevant RCAP assessment report)	(3) Detailed reference to the domestic legislation/regulation that addresses the finding	(4) Summary description of amendment or rectification made
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Part B

RCAP Capital

Saudi Arabia was assessed as Compliant for Capital purposes. Saudi Arabian Monetary Authority (SAMA) had already implemented recommendations suggested by the Basel RCAP team before issuance of the Report in September 2015. These were stated in annexure 6 (pages 26- 39) of the report².

There was one potentially material finding relating to application of 0% risk weight for GCC exposures which is not fully in line with the paragraph 54 of the Basel II standard as some countries (Bahrain, Oman) in GCC did not have AAA-AA rating. At present, these exposure are still not material and SAMA does not expect these exposures to increase in future.

RCAP LCR

Saudi Arabia was assessed as Largely Compliant for LCR purposes as certain conditions for High Quality Liquid Assets (HQLA) were not completely fulfilled in Saudi Arabia. Despite being AA rated country in 2015, Saudi Arabia at that time lacked a large, active and deep market in Government bonds and T bills, which was a requirement of LCR rules to be Fully Compliant at that stage. This criteria would not have been relevant had Saudi Arabia been a low rated emerging market country. SAMA has raised this anomaly in Rules to the Basel Committee and requested that it deliberate on the rules and provide further clarification. Apart from this, we had already implemented all the recommendations suggested by Basel RCAP team before issuance of report in September 2015 and these were stated in annexure 5 (pages 22-23) of the report³.

² See <http://www.bis.org/bcbs/publ/d335.pdf>

³ See <http://www.bis.org/bcbs/publ/d336.pdf>