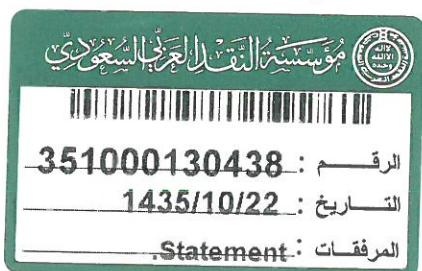


Saudi Arabian Monetary Agency

HEAD OFFICE

International Affairs Department



18 August 2014

Mr. Mark Carney
Chairman
Financial Stability Board
Bank for International Settlements
Centralbahnplatz 2 – CH 4002
Basel
Switzerland

Dear Mr. Carney,

Subject: Saudi Arabia – Request for information on jurisdictions' ability to defer to each other's OTC derivatives markets regulatory regimes

This has reference to your letter dated 8th May 2014 addressed to the FSB Plenary Members requesting them to provide responses and confirmations on their frameworks for making equivalence or comparability decisions with regard to OTC derivatives reforms.

In this connection, we are pleased to enclose herewith the desired information as requested. We look forward to continuing to work with the FSB in ensuring that the OTC Derivatives Market Reforms are implemented.

Best regards,

for

Fahad Almubarak
Governor

Ahmed Almahmoud
Deputy Governor for Administration

Saudi Arabian Monetary Agency

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No.:

No.:

Part A: with respect to the **authorization and supervision** of OTC derivatives market participants; TRs; CCPs; and exchanges or electronic trading platforms:

<p>A.1 What legal capacity, if any, do authorities in your jurisdiction have to defer to another jurisdictions regulatory framework and/or authorities? Which authorities can exercise this capacity? Please also indicate if or when 'partial' or 'conditional' deference decisions can be made.</p>	<p>There are two financial supervisory authorities in Saudi Arabia, the Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA). SAMA is the regulatory authority for the banking, insurance and finance companies sector, while the CMA is the regulatory authority for the capital markets sector.</p> <p>SAMA licenses and supervises banks, insurance companies, finance companies) and the CMA licenses and supervises authorized persons (persons carrying out securities business). In line with international legislative practice, neither authority can delegate the sovereign task of licensing of a domestic financial institution to another, foreign authority, but both authorities are authorized to actively co-operate with foreign regulatory authorities and can take existing foreign licenses, other regulatory decisions and existing standards into account when they assess whether an applicant complies with licensing requirements or is in compliance with existing requirements under applicable financial regulatory laws and rules.</p> <p>While the existing legal framework permits that, where appropriate and on a case by case basis, SAMA or the CMA can decide to take existing foreign authorizations, licenses or other regulatory decisions or standards into account, there is no express legal authorization or even directive to do so.</p>
<p>A.2 Please provide a brief description of the standards that need to be met in coming to a decision as to whether to exercise any such deference, and the criteria or inputs used in assessing whether the standards have been met</p>	<p>Not applicable. So far neither SAMA nor the CMA have formally deferred to a foreign authority or regulatory system.</p>

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No.:

<p>(e.g. whether 'similar outcome' is the standard used; whether analysis of enforcement regimes or authority is included as part of the assessment; whether reference is made to implementation of international standards; etc.).</p>	
<p>A.3 Please provide a brief description of the process by which a decision to defer to another jurisdiction is taken, including any action needs to be initiated to begin the process (e.g. an application from a jurisdiction or an entity), the general timeframe for coming to a decision, any processes in place for reviewing a decision, and whether any other agreements or conditions need to be met in order for an affirmative decision to be taken (e.g. confidentiality agreements, supervisory corporation, or reciprocal arrangements).</p>	<p>Not applicable. There is no formal process.</p>
<p>A.4 Please provide copies of, or web links to, any documentation all forms that have been developed for sharing with jurisdictions or entities as part of the comparability or equivalents assessment.</p>	<p>Not applicable. There are no such forms or web links.</p>
<p>A.5 Please provide a list of jurisdictions that you have already determined to be comparable or equivalent, if any (and for what regulatory purposes), and please note any jurisdictions for which the determination is pending.</p>	<p>Not applicable. There are no such jurisdictions.</p>

Saudi Arabian Monetary Agency

HEAD OFFICE

International Affairs Department

No.:

No.:

Part B: with respect to **requirements of market participants** related to reporting to TRS; clearing transactions through CCP's; capital, margin and or other risk mitigation requirements; and executing transactions on exchanges or electronic platforms:

<p>B.1 What legal capacity, if any, do authorities in your jurisdiction have to defer to another jurisdictions regulatory framework and/or authorities? Which authorities can exercise this capacity? Please also indicate if or when 'partial' or 'conditional' deference decisions can be made.</p>	<p>There are two financial supervisory authorities in Saudi Arabia, the Saudi Arabian Monetary Agency (SAMA) and the Capital Market Authority (CMA). SAMA is the regulatory authority for the banking, insurance and finance companies sector, while the CMA is the regulatory authority for the capital markets sector.</p> <p>SAMA licenses and supervises banks, insurance companies, finance companies) and the CMA licenses and supervises authorized persons (persons carrying out securities business). In line with international legislative practice, neither authority can delegate the sovereign task of licensing of a domestic financial institution to another, foreign authority, but both authorities are authorized to actively co-operate with foreign regulatory authorities and can take existing foreign licenses, other regulatory decisions and existing standards into account when they assess whether an applicant complies with licensing requirements or is in compliance with existing requirements under applicable financial regulatory laws and rules.</p> <p>While the existing legal framework permits that, where appropriate and on a case by case basis, SAMA or the CMA can decide to take existing foreign authorizations, licenses or other regulatory decisions or standards into account, there is no express legal authorization or even directive to do so.</p>
<p>B.2 Please provide a brief description of the standards that need to be met in coming to a decision as to whether to exercise any such deference, and the criteria or inputs used in assessing whether the standards have been met (e.g. whether 'similar outcome' is the standard</p>	<p>Not applicable. So far neither SAMA nor the CMA have formally deferred to a foreign authority or regulatory system.</p>

Saudi Arabian Monetary Agency

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used; whether analysis of enforcement regimes or authority is included as part of the assessment; whether reference is made to implementation of international standards; etc.).	
B.3 Please provide a brief description of the process by which a decision to defer to another jurisdiction is taken, including any action needs to be initiated to begin the process (e.g. an application from a jurisdiction or an entity), the general timeframe for coming to a decision, any processes in place for reviewing a decision, and whether any other agreements or conditions need to be met in order for an affirmative decision to be taken (e.g. confidentiality agreements, supervisory corporation, or reciprocal arrangements).	Not applicable. There is no formal process.
B.4 Please provide copies of, or web links to, any documentation all forms that have been developed for sharing with jurisdictions or entities as part of the comparability or equivalents assessment.	Not applicable. There are no such forms or web links.
B.5 Please provide a list of jurisdictions that you have already determined to be comparable or equivalent, if any (and for what regulatory purposes), and please note any jurisdictions for which the determination is pending.	Not applicable. There are no such jurisdictions.