



Circular No.: BCS 8724
Date: 22 February 2012

From : Saudi Arabian Monetary Agency
To : All Banks
Attention : Managing Directors, Chief Executive Officers and General Managers
Subject : **Basel Committee on Banking Supervision's Document Entitled "Interpretive Issues with Respect to the Revisions to the Market Risk Framework"**

The Basel Committee on Banking Supervision (BCBS) has issued a paper entitled "Interpretive Issues with Respect to the Revisions to the Market Risk Framework" in November 2011. This document has provided responses to important interpretive issues concerning past BCBS papers circulated by the Agency to all Banks. These papers include the *Revisions to the Basel II Market Risk Framework ("the Revisions")* and the *Guidelines for Computing Capital for Incremental Risk in the Trading Book ("the IRC Guidelines")*.

The important interpretive issues raised and clarifications provided in the above document pertains to the following areas:

1. Stressed Value at Risk
2. Incremental Risk Capital
3. Risk Models
4. Standardized Measurement methods
5. Others

The above document can be accessed from the BIS website (www.bis.org). Banks are advised to review this document and benefit from the interpretations provided therein in implementation of the Basel II Market Risk Framework.

If you need any further information on this subject, please contact Mr. Fahd Al-Mufarrij at telephone number (01)466-2305 or Mr. Abbas Hassan at telephone # (01)466-2526, e-mail: ahassan@sama.org.sa.

Abdulrahman A. Al-Kalaf
*Deputy Governor
for Technical Affairs*