



Circular # 60045/BCS 28548
Dated: 21 November 2011

From : Saudi Arabian Monetary Agency

To : All Banks

Attention : Managing Directors, Chief Executive Officers and General Managers

Subject : **Treatment of Trade Finance Under Basel Capital Framework**

The Basel Committee on Banking Supervision (BCBS) has issued a paper in October 2011 entitled "Treatment of Trade Finance Under Basel Capital Framework".

This paper has been issued by BCBS in consultation with the World Bank, the World Trade Organization and International Chamber of Commerce and covers changes in Basel Capital framework with regard to Trade Finance transactions.

The Agency recommends that all Banks currently engaged in implementing Basel Capital framework in Saudi Arabia should ensure that their relevant staff is fully aware of this document. Further, Bank staff in other areas such as Risk Management, Financial Controls, Compliance Function and Internal Audits should also be familiar with this document. In light of this paper, the Agency over the next few months will also update its relevant guidance document on its Basel framework following which banks will be expected to implement the change. This document can be accessed from the Bank for International Settlement website address: (<http://www.bis.org>).

If you need any further information on this subject, please call Mr. Fahd Al-Mufarrij at telephone number (01)466-2305 or Mr. Tariq Javed at (01)466-2532.

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