



EDBS/KH/161/2012
30 July 2012

The Chief Executive Officer
All Locally Incorporated Banks
Manama
Kingdom of Bahrain

Dear Sir,

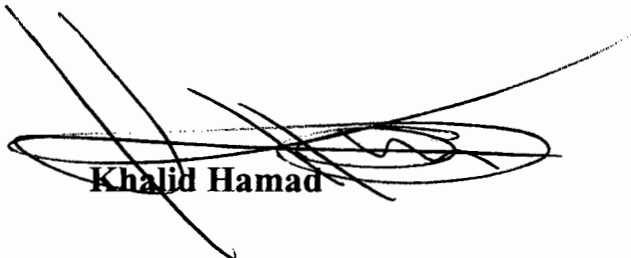
New Basel Committee Consultative Document:
Margin requirements for non-centrally cleared derivatives

The Basel Committee for Banking Supervision issued a consultation paper on 6th July 2012 which sets out proposals for minimum standards for margining requirements for derivatives transactions which are not cleared through a central counterparty. The document is available at <http://www.bis.org/publ/bcbs226.htm>.

Potentially, this paper may affect banks by tying up liquid collateral to cover the margin requirements on OTC derivatives in a Basel 3 world. The suggested requirements for initial margin are set out in Appendix A to the paper (page 32). Locally incorporated banks which regularly conduct OTC derivatives business are requested to review this document as it may potentially have significant impact.

If banks wish to make any comments on this paper by the Basel Committee, could they ensure that comments are copied to the CBB (earrayed@cbb.gov.bh), as the CBB may be providing its own commentary to the Basel Committee in due course.

Yours sincerely,



Khalid Hamad