Dear Sir/Madam

EBA Consultation Document CP51: Supervisory reporting requirements for large exposures

Standard Chartered PLC (the Group) is an international banking group, listed on the London, Hong Kong and Bombay stock exchanges. It operates in more than 70 countries principally in Asia, Africa and the Middle East.

We welcome the opportunity to comment on the EBA Consultation Document CP51 Supervisory reporting requirements for large exposures. Please find our comments below and in the attached Appendix.

Timing

We are concerned whether there is sufficient time for institutions to make the requisite system changes to be ready for implementation with effect from 1 January 2013 given that the consultation period is in progress and the CRD IV will not be finalised until at least Q3/2012. It is, therefore, recommended that the implementation date is delayed until 1 January 2014 with a first reporting date of 31 March 2014.

EUR 150m exposures

The current proposal of reporting exposures with a value larger than or equal to EUR 150m would for the Group increase the number of large exposures to approximately 600 and individual entities within groups to approximately 8,000 with the associated costs of preparing and reviewing the expanded report.

The EUR 150m criteria should be increased or preferably the reporting of large exposures based solely on a criteria with a specified percentage of exposure in relation to a firm's capital resources or the top 20 to 40 customers e.g. the FSA's current requirement is to report all exposures equal to or in excess of 10% of the capital resources.

Data protection and proprietary information

The EBA will also need to consider data protection and proprietary information issues if it is intended to require institutions to publish large exposures externally.

For some countries in our geographical footprint, we are not able to report customer names to third parties without their consent which is practicable for the largest customers but not for those that would need to be included in the EUR 150m criteria. In these instances, we would need to mask the customer names or report at an aggregate level for those countries in question.
We shall be pleased to discuss with you any of the points raised above and our responses to the questions raised in CP51 which may be found in the Appendix.

Yours faithfully

Peter J Roberts
Head, Group Regulatory Reporting
Appendix

EBA Consultation Document CP51: Supervisory reporting requirements for large exposures

1. What would be the minimum implementation period to adjust IT and reporting systems to meet the new ITS reporting requirements? Please elaborate on the challenges which could arise.

The normal time period that should be provided to meet the new reporting requirements of this nature would be approximately one year. This would enable the project phases of user/systems planning, specification, testing, parallel running and implementation to be undertaken. Less time would be required the more the reporting requirements are aligned to our current FSA008 Large Exposure reporting to the FSA, however, more time would be needed overall when the project phases are required to be undertaken concurrently with the developments of COREP and FINREP.

It is for this reason that the recommendation is made to delay the implementation until 1 January 2014 with a first reporting date of 31 March 2014.

2. What would be the minimum implementation period required for institutions NOT subject to large exposures reporting at the moment to implement the large exposures reporting described in this consultation paper?

Not applicable as the Group is currently reporting FSA008 Large Exposures to the FSA every quarter.

3. Would the required implementation period be the same for reporting requirements on an individual basis and on a consolidated basis?

More time would be required for reporting on an individual basis if institutions are required to report intercompany exposures that meet the criteria for large exposures. We would appreciate your confirmation whether intercompany exposures should be included when reporting on an individual basis.

4. Compared to previous versions of the large exposures templates are there additional reporting requirements which cause disproportionate costs?

We estimate that the requirement to report exposures above EUR 150m will increase the large exposures reported on template LE 1 to approximately 600 groups and the number exposures to individual entities within groups on template LE 2 to approximately 8,000. This would cause disproportionate costs in maintaining groupings for such a large number of exposures.

In addition, for some countries in our geographical footprint, we are not able to report the customer names without obtaining consent, which would not be practical for such a large population. In such cases, we would have to mask the names or report at an aggregated level.

5. Are the templates, related instructions and validation rules included in Annex VIII and Annex IX sufficiently clear? Please provide concrete examples where the implementation instructions are not clear to you.

We are currently reviewing the templates and would appreciate having a contact person who we can address detailed questions as these arise. To date, we would appreciate further
clarification of what should be included under code (column 020) and residence of counterparty (column 040).

6. What are the cost implications of introducing a breakdown by residence of the counterparties?

As mentioned above, we would appreciate clarification of the country of reporting i.e. is it the country of incorporation, country of domicile or country of risk. We currently report to the FSA based on the country of incorporation, so costs would be significantly reduced if we are able to continue reporting on this basis.

7. What are the cost implications of introducing a breakdown by sector of the counterparties?

Asset classifications for FSA reporting are different from these, with the exception of central governments and central banks, which would have to be sourced from the appropriate systems for reporting with the associated costs involved.

8. What are the cost implications of introducing a breakdown by economic sector by using NACE codes?

The Group uses ISIC codes and, therefore, there will be additional costs in mapping from the ISIC to the NACE codes.

9. Would other classifications be more suitable or cost efficient?

We would prefer to continue to report the breakdown by economic sectors using ISIC codes.