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*Banking supervision
And Accounting issues Unit
The Director*

Paris, July 27th 2010

French Banking Federation's Response to Revised Consultation paper on the management of operational risks in market-related activities
(CP35 revised) Published June 23rd 2010

Dear Sir,

The French Banking Federation (FBF) is the professional body representing over 430 commercial, cooperative and mutual banks operating in France. It includes both French and foreign-based organizations.

The FBF is pleased to take this opportunity to comment on revised consultation paper on the management of operational risks in market-related activities proposed by CEBS. The paper provides a very good starting point to develop a comprehensive and consistent set of clear principles within the governance mechanisms, internal controls and reporting systems. It also supports the guidelines objective to achieve greater convergence of supervisory practices and promote an efficient operational risk management.

We welcome the objectives pursued by CEBS to complement the framework for the prevention and mitigation of operational risks in market-related activities at a general level.

This revised consultation paper takes into account most of suggested amendments sent by the French Banking Industry to CEBS in the first part of the consultation. However, the FBF wishes to provide CEBS with some additional elements and precisions concerning control and support functions, internal trades, trading and post-trading processes. You will find our detailed comments in the attached annex.

The French Banking Federation wants to see the instigation of healthy competitive conditions and believes the only way to do so is to establish appropriate regulations. The FBF remains at your disposal for any further discussion on these matters.

Yours sincerely,

Jean-Paul CAUDAL

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