

Comments of the Polish Banks Association on the CEBS Consultation

Paper on the framework for Supervisory Disclosure

General remarks

1. Presented by the Committee of European Banking Supervisors (CEBS) project of the uniform pattern of supervisory disclosures, resulting from art. 144 of the amendment to the directive 2000/12/WE is a good solution, especially in the view of ongoing integration of European financial markets and the necessity of ensuring supervisory transparency for requirements imposed on banks and credit institutions.
2. Standardisation of the supervisory disclosures pattern will enable the comparison of guidelines published by national supervisors and decisions left by EU directives at the hands of national supervisors. In the longer perspective such an approach will result in better unification of rules for defining capital requirements in individual EU states, and thus will foster the preservation of equal competition conditions among the European Union.
3. Obligation to publish cautionary law and regulations should be accompanied by an obligation to present an interpretation honoured by the supervisor. It is of fundamental significance considering, that the process of implementing new law regulations is usually accompanied by a series of content-related and interpretative doubts emerging on the banking sector's side, especially when this process concerns subjects as broad and innovative for the banks as adjustment to the requirements of the New Capital Accord.
4. At the current stage of implementation of the New Capital Accord requirements in the Polish banks, the essential content of the supervisory disclosures pattern seems to be satisfactory, though one should give more attention to the problem of transparency of requirements imposed on banks with special mission, e.g. in Poland – the national bank, which - unlike commercial banks - fulfils specific tasks associated, for instance, with distribution of public funds based on contracts with public administration bodies. This activity sometimes enforces the execution of the government-ordered tasks, that are covered by the confidentiality clause. For this reason it seems justified, that the application of transparency rules should take into consideration the issue mentioned above.
5. Except for the essential content, the key issue when implementing the project of supervisory disclosures is the accepted form. Assumptions, on the basis of which the

proposed form has been accepted, seem proper. The broadly understood accessibility to information, with exception of the law-protected data, through usage of internet technologies offers a chance for the information to reach its addressees in a timely manner. We think however, that it would be a considerable improvement on the part of the supervisors to provide on their internet site a discussion-communication platform for the interested parties. Such an electronic forum, e.g. in a form of an electronic chat, would be a place to exchange opinions between banks under supervision and the supervisors. It would help, with proper organisation and control on the part of the supervisor, to settle matters of argument and doubts arising from the process of adaptation of banks to the requirements of the New Capital Accord. Introduction of such an interactive form of communication would significantly speed up the exchange of information and, as such, would have considerable didactic value.

6. On many occasions, the presented pattern of supervisory disclosures directly links to websites of national supervisors and the documents published there. These documents will not be unified, thus possibly making their analysis and comparison difficult. It would seem, that in the areas that are crucial to the banks (e.g. concerning the guidelines for approval of internal models), the major rules adopted by individual countries should be presented on the CEBS website. For this reason, in case of acceptance of internal models, we propose to introduce an obligation for individual supervisors to publish at least a summary of guidelines on the CEBS websites.
7. Scheduled commissioning of the website, set to the end of 2006, is justified by implementation of legal solutions that regulate the terms of application of new methods for calculating capital requirements. However, we would find it more beneficial to share information (including consultative material concerning individual aspects) through this channel already during the transitory period. This would facilitate both the communication with supervisors and the process of implementing new rules. There would have to be a rule to distinguish advisory and consultative regulations from the ones of the final nature.

Detailed remarks

1. Even at the first glance, the page layout is clear and readable and the links allow users to move to the source information and related information in a friendly manner.

2. Articles of the directives that provide the liberty of shaping local solutions should also feature direct links from their text published on the CEBS website to specific cautionary laws and regulations of individual national supervisors, that substantiate or specify general records of these directives. Also, statistical data templates on the CEBS website, for which a local supervisor specifies the rules of presentation, should contain links to this supervisor's comments on the range and terms of data tabulation.
3. An index might be a tool to facilitate a swift access to information published on the website. Based on it one could find any records (e.g. local) referring to a chosen article of the respective directive.
4. Adding links leading to corresponding, non-legal recommendations (for instance answers to FAQs, consultative documents, etc.) to main tables in the "laws, regulations and administrative rules" section would be an additional facilitation.
5. Referring to the table on the website in-progress, to be filled-in on the basis of art. 81 par. 4 and art.97 par. 4 of the amended Directive, we inform, that we find the proposed project of the table to be not entirely clear and readable. Especially, the table provides no clear methodology of evaluation applied to individual, external, evaluating credit institutions. Additionally, it isn't clear, whether the evaluation process refers to mutual recognition of evaluating institutions for the sake of their activity in other member states (*mutual recognition*), or to recognition of these institutions as satisfying specific criteria to make them eligible to operate in a member state, where they have their registered office (*recognition as eligible* as meant in art. 81, par. 1 of the amended Directive). In relation to the above, one should consider it justified to amend the table in question with records that would enable a more precise presentation of the methodology of evaluation applied by individual evaluating institutions.
6. Referring to the lists of subjects with specified risk, which are to be placed in the *additional information* section, we suggest to supplement this page with information on the applied risk evaluation criteria for individual subjects. Publishing such information at this location will prevent any doubts concerning the evaluation criteria applied to the subject covered by a specific list (and will prevent the necessity of searching for such criteria in other regulations).
7. Point no. 103 of the Consultative Document states, that the information published on

individual websites will be updated in yearly cycles. Our opinion is, that legal rules, cautionary regulations and decisions concerning the choice of so called national options, should be updated on the fly, in relation to the frequency of applied changes.