5 October 2009

Public hearing on CEBS's Consultation Paper on The Extension of the Supervisory Disclosure Framework (CP 29) Note of meeting

London, 5 October 2009

The Committee of European Banking Supervisors (CEBS) held a public hearing on 5 October 2009 to present its draft proposals for the extension of CEBS's Supervisory Disclosure Framework. The hearing was chaired by Karol Gabarretta (Chair of the Task Force on Supervisory Disclosure) assisted by personnel from the Secretariat and TF members. Around 10 representatives from individual institutions, banking associations and supervisory authorities attended the hearing and contributed to the discussion.

1. Background

CEBS has developed a web-based framework for supervisory disclosure, which has been implemented both at EU and national levels since early 2007. The aim of the supervisory disclosures is to make information related to prudential rules and supervisory criteria available in a timely manner to all interested parties, including credit institutions, investment firms, other market participants, supervisors and consumers. The current supervisory disclosure framework covers only the legislative provisions, the supervisory application of the rules (e.g. the supervisory review process under Pillar 2) and statistical data on the implementation of the Capital Requirements Directive, and disclosures on reporting (COREP/FINREP). However, CEBS has decided to develop the common framework further and extend it to other areas of community legislation during the course of 2009. Based on current regulatory and market developments, CEBS has focused the extension of the Supervisory Disclosure Framework on the following areas: *Mergers & Acquisitions; Securitisation; Credit Risk Mitigation; National discretions; Pillar 2, Pillar 3* and *Colleges.*

2. CEBS' draft proposal on the extension of the Supervisory Disclosure Framework

After his introduction, Karol Gabarretta provided highlights, area by area, of the proposed extension and with the assistance and support of the other members of the Task Force on Supervisory Disclosure explained the objectives of each new or revised supervisory disclosure area.

2.1. Mergers and Acqusitions

One participant questioned whether the information in the new templates would be obligatory for supervised institutions. CEBS explained that all obligations remain subject to national legislation. However, the information in the new template strives for harmonization and follows the 3L3 guidelines which present a single list of information to be used by the national competent authorities. In answer to whether this template takes into account the options from the Directive 2007/44/EC, it was clarified that the information provided is harmonized, whereas national authorities can also include all other options regarding mergers and acquisitions, if relevant, on their national websites, as is the current practice.

2.2. Securitisation

One participant expressed the opinion that this exposure data is the only quantitative data that forms part of CEBS's extension of the Supervisory Disclosure Framework. He asked whether this data is aggregated which was confirmed. Another of the participants questioned the relevance of this supervisory disclosure given that it appears that the frequency of changing this quantitative data is the determining factor for supervisory disclosures of statistical data on securitisation. In this respect it was noted that it would be possible to disclose this information more frequently.

2.3. Pillar 3

One of the participants questioned the objectives of the supervisory disclosures in this area. In its reply CEBS emphasized that these supervisory disclosures will inform stakeholders how supervisory authorities have implemented various Pillar 3 principles.

2.4. General comments

One participant commented that more qualitative information is needed, especially on securitisation.

Another participant, referring to the national options and discretions template, questioned the 'quality controls' in place since not all supervisory authorities are disclosing all the information that is published on CEBS's website

A further participant questioned whether the extension of the supervisory disclosures will include further amendments to the CRD (i.e. CRD III and IV). Here it was clarified that these amendments will be automatically incorporated in the Rules and Guidance section of the Supervisory Disclosure Framework which shows how different provisions have been implemented in national legislation. He also questioned why hybrids were not included in the extension. CEBS highlighted that the extended framework will not include all the areas which have been addressed by the CRD II but will include national discretions on large exposures and amendments to the provisions on securitisation.