



European Banking Industry Committee

European Banking Federation (EBF) • European Savings Banks Group (ESBG) • European Association of Cooperative Banks (EACB) European Mortgage Federation (EMF) • European Federation of Building Societies (EFBS)
European Federation of Finance House Associations (Eurofinas)/European Federation of Leasing Company Associations (Leaseurope) • European Association of Public Banks (EAPB)

Mrs. Danièle Nouy, Chair
Committee of European Banking Supervisors
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Brussels, 23/06/06

Subject: Timing of CEBS' work streams on concentration risk

Dear Mrs. Nouy,

The European Banking Industry Committee (EBIC) welcomes the opportunity to react to CEBS' consultation paper on "technical aspects of the management of interest rate risk arising from non-trading activities and concentration risk under the supervisory review process" (CP 11). Whilst several EBIC members have submitted or will submit detailed responses to this document, we hereby wish to underline the shared concerns on the timing but also the substance of especially the second part of this paper.

Many of the issues addressed in the Large Exposures questionnaire have regard to the management of concentration risk in general. The responses to the questionnaire should therefore inform the supervisory guidance on concentration risk. We appreciate that CEBS recognised itself the overlap between these two work streams.

We also note that as it currently stands, the proposed guidance is in many aspects too detailed and overly prescriptive. This does not only imply a disproportionate burden on institutions, it would also hamper the further development of banks' risk management techniques. We expect that the findings on current industry practices will allow CEBS to make a more streamlined and principles-based proposal.

In this light the European banking industry strongly urges CEBS to delay the process and defer its proposed guidelines on concentration risk. A revised proposal of this part of CP11 should only be released once the responses of market participants to the questionnaire on large exposures have been carefully analysed and evaluated.

Yours sincerely,

(Nicolas Merindol)
EBIC Chairman

(Sally Scutt)
Chair, EBIC WG on Capital Adequacy