



Fédération Bancaire Européenne
European Banking Federation
Le Secrétaire Général

N° 0536
COK/SF

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Mr. José María Roldán
Chairman
Committee of European Banking Supervisors
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Brussels, 30 July 2004

Subject: Draft Public Statement of Consultation Practices

Dear Mr. Roldán,

The European Banking Federation (FBE) welcomes the draft public statement on consultation practices. The FBE has been a strong advocate of the Lamfalussy process from the outset. We believe that extension of the four level process to banking is a crucial step towards delivering enhanced supervisory cooperation and convergence in Europe. We urge the members of CEBS to work towards this objective.

The FBE is supportive of CEBS' stated commitment to consult widely and in a transparent manner. Logically, the rules produced at Levels 2 and 3 must flow from the principles at Level 1. The European banking industry calls on CEBS to ensure that Level 1 principles are reasonably certain before mandates are set for work at other levels.

Who is consulted

The FBE welcomes CEBS' stated commitment to consult with the full range of interested parties, including market participants, consumers and end-users. For the sake of clarity, we believe that it should be made explicit that CEBS will additionally consult with relevant sectoral trade associations. Likewise, where it is stated that CEBS may choose to target market participants only, the FBE believes

that there is added value for the Committee to also target relevant national and pan-European trade associations on technical aspects of prudential supervision.

The FBE supports CEBS' commitment to publish its own work programme. The industry would also find it very helpful if CEBS were to set out a typical consultation cycle in relation to Lamfalussy level 2. Taken together, these two initiatives would help the industry to better prepare and develop their own resource allocation to meet work streams in the future.

Areas of consultation

The European banking industry strongly supports CEBS' proposals to consult on the consistent application of directives and the convergence of Member States' supervisory practices. In line with this position and consistent with the stated Charter of the Committee, the FBE recommends the deletion of the words, "Where relevant [...]" in paragraph 5 of the draft Public Statement.

Moreover, the European banking industry believes that a high level of cooperation between European supervisors and greater transparency through a formal supervisory disclosure regime will be essential in achieving the consistent implementation of the new capital adequacy framework in the EU. We note that CEBS does not intend to consult on enhanced supervisory cooperation. In light of the industry's views on this area, we strongly urge the Committee reconsider consulting relevant parties on supervisory co-operation.

Modes of consultation

The FBE notes that CESR has proposed supplementing regular consultation practices with ad hoc meetings to address special concerns of particular horizontal market segments. The FBE encourages CEBS to consider introducing this policy in the future where specific concerns are raised.

The FBE welcomes the intention of CEBS to establish a permanent Market Participants Consultative Panel.

Timing of consultation

We welcome the commitment to a three month consultation period. We do, however, feel that three months should be the minimum consultation period for significant issues. We also agree that for certain issues, taking account of the time schedule, not only would it make sense to consult with market participants but also with relevant trade associations.

Follow-up consultations

The consultation paper sets out a sensible framework recognising the importance of consultation in the development of implementing measures which are in line with business practice. The industry would generally support a second round of

consultation where there is value added, unless there is a high degree of support for the original proposals and/or the issue is relatively simple. This second round of consultation could be used to focus on the detail of proposals having established agreement on a policy framework in the first consultation round. Recognising the short deadlines that CEBS will face in providing the European Commission with advice, the Committee may, under certain circumstances, also want to consider pre-consultation with associations and market participants.

Yours sincerely

Nikolaus BÖMCKE