

<p>IBF COMMENTS TO CEBS'S CONSULTATION PAPER ON TECHNICAL ADVICE TO THE EUROPEAN COMMISSION ON OPTIONS AND NATIONAL DISCRETIONS</p>
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The Irish Banking Federation welcomes the opportunity to comment on CEBS's consultation paper on technical advice to the European Commission on options and national discretions. The Irish Banking Federation has also participated in the response of the European Banking Industry Committee (EBIC) through the European Banking Federation (FBE). While we concur with the majority of the EBIC position paper, there are a small number of discretions / options where our views differ slightly. These discretions / options, as well as those that are of particular interest to our members are noted below.

Discretion 18 – Annex III, Part 7c(ii)

1.0 We do not support CEBS's proposal to maintain this discretion in its current form, on the grounds that this approach creates an unlevel playing field. To avoid this, we would suggest that the same approach; either the separate calculation approach or the aggregate calculation approach is applied consistently across Europe. At a very minimum, we would suggest that this discretion be converted into an option for the firm.

Discretion 31 – Annex VI, Part 1, point 64

2.0 While we have no strong views on this discretion, as it is not currently applied in Ireland, we would urge that the position taken with respect to discretion 31 is consistent with CEBS's position on discretion 33.

Discretion 32 – Annex VI, Part 1, point 66

3.0 We are firmly of the view that this discretion should be removed. The Irish Regulator is one of the few Regulators that currently applies this discretion. This puts institutions operating in Ireland at a competitive disadvantage to their European counterparts. For level playing field purposes, we urge CEBS to reconsider its position on this discretion.

Discretion 33 – Annex VI, Part 1, point 67

4.0 If discretion 32 were removed, we would have no objection to CEBS's proposal to remove discretion 33. If however, discretion 32 is maintained, as is currently proposed, we would be of the view that discretion 33 should be maintained, to provide some relief to those minority banks operating in jurisdictions where the 150% risk weight option, as set out in Annex VI, Part 1, point 66 is exercised. In line with this approach, and our comments made under discretion 31, if discretion 33 is maintained, we would suggest that discretion 31 is also maintained.

Discretion 76 - Annex VII, Part 2, point 8 (second subparagraph)

5.0 We support CEBS's proposal to convert this into an option for the firm. We also welcome CEBS's commitment to reviewing the discretion prior to its expiry.

Discretion 102 - Annex VIII, Part 1, point 16

6.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule.

Discretion 103- Annex VIII, Part 1, point 16 (last sentence)

7.0 We support CEBS's proposed approach to discretion 103. However, we question why the proposed treatments of the discretions relating to mutual recognition of residential and commercial real estate under the Standardised Approach differ to the proposed treatments under the IRB Approach. Under the Standardised Approach, CEBS proposes converting these discretions into an option for the firm. Under the IRB Approach, CEBS propose converting the discretions into binding mutual recognition clauses. While the outcomes of both approaches are equivalent, it would in our view, be preferable if the approaches were consistent.

Discretion 104 - Annex VIII, Part 1, point 17

8.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule.

Discretion 105- Annex VIII, Part 1, point 19

9.0 As stated under discretion 103, the proposed approach to discretion 105 should in our view, be consistent with the approach proposed under the Standardised Approach.

Discretion 110 - Annex VIII, Part 3, point 73

10.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule.

Discretion 136 - Annex VI, Part 1, point 49

11.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule for level playing field purposes.

Discretion 137- Annex VI, Part 1, point 50

12.0 We support CEBS's proposal under discretion 137. However, as noted under our comments to discretion 103, it is our view that the proposed treatments under the Standardised Approach and the IRB Approach to mutual recognition of commercial and residential real estate should be consistent.

Discretion 138- Annex VI, Part 1, point 51

13.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule for level playing field purposes.

Discretion 140- Annex VI, Part 1, point 53

14.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule.

Discretion 141- Annex VI, Part 1, point 57

15.0 The comments we have raised regarding discretion 137 are also applicable for discretion 141.

Discretion 142 Annex VI, Part 1, point 58

16.0 As this discretion is not currently applied in Ireland, our preference would be to convert this into a general rule for level playing field purposes.

Discretion 143- Annex VI, Part 1, point 60

17.0 The comments we have raised regarding discretion 137 are also applicable for discretion 143.