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The Deputy Director General

Tuesday, June 21 2005

FBF Response to the CEBS Consultation Paper on the framework for Supervisory Disclosure (CEBS CP05)

Dear Mr Roldan

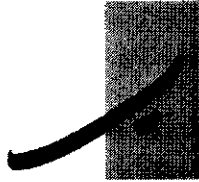
The French Banking Federation (FBF) welcomes the opportunity to comment on CEBS consultation on the framework for Supervisory Disclosure. The FBF believes that it is an important issue for Europe and supports CEBS objectives to add more transparency and convergence in supervisory practices with a mutual benefit to industry and supervisors, the principle of cost efficiency and an appropriate level of prudential reporting.

You will find the attached appendix our detailed comments and proposals on the questions raised by the consultative paper.

Yours sincerely

Pierre de Lauzun

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The 20 June 2005

FBF response on the consultation of the CEBS (CP05) on Supervisory Disclosure

The FBF welcomes the opportunity to comment on CEBS proposals for a common European framework for supervisory disclosure and fully supports CEBS aims of credibility, transparency and promotion of a level playing field throughout Europe.

The industry believes that this new framework will constitute an important step forward for both industry and regulator and will participate to the improvement in supervisor relationships by promoting convergence of supervisory practices.

A) Overall analysis

The industry wholly agrees with the proposed framework but underlines the difficulty to measure all potential problems linked to the system and the use it could be done with this framework.

- 1) We support CEBS overall approach of making the data accessible online via Internet and linking the CEBS website and national websites with each other. However, an easy access to data is important for the industry. On that point FBF hopes that it will be possible to download them in a format compatible with usual environment, such as Excel for example instead of PDF format, which doesn't allow easy data extraction.
- 2) Currently, the industry is working on the project of European reporting (COREP). It would be necessary for the industry that the CEBS Supervisor Disclosure framework should be updated with COREP evolutions to ease its use.
- 3) The update of data is also important for users and should be a main objective for CEBS. The responsibilities of who is in charge of what should be clearly determined. A control of data should be done under the CEBS responsibility and the frequency of the updating should be done, as soon as possible, on real time. Moreover, it would be very useful to be alerted of any update. This point is important because it could be misleading for users if a supervisor didn't implement or update its framework, and nobody could ask it to correct the data. This could be the negation of the overall process and could impact analysis of the users. It's also necessary to include a date column so that it is clear when the information was last updated.
- 4) We understand that the proposal covers the European zone but the FBF thinks it should be extended to the USA and Asia areas at least for "Rules and Guidance" at the beginning.
- 5) Regarding the options or discretions exercised by the institutions, the FBF thinks that it is important to disclose this information because it could be an excellent instrument

to achieve better transparency. The first step could be to disclose those options that are used by 100% of the industry. Moreover it could help the industry reduce the number of these.

- 6) The FBF is aware that supervisory disclosure is a completely new concept. It is the first time that supervisors are required to explain their methodologies and the novelty of this project means that the industry encourages the CEBS to revise the framework after a period of one or two years to correct some difficulties that cannot be foreseen today.

B) Specific points:

- 1) CEBS is currently considering requiring the disclosure of certain lists as this will support convergence in practices. The FBF thinks that CEBS site should propose:
 - a. The general criteria used by the regulators to identify those exposures
 - b. The indicative list resulting of this process
 - c. The necessity to update the list with the current when a new name has been retained.
- 2) The principle of proportionality in relation to the level of disclosure presented by smaller Member states needs greater clarity. The FBF would not support a reduction in the disclosure of the tables relating to "Rules and Guidance", "Options and National Discretions" and "Supervisory Review".