BELGIAN BANKERS' AND STOCKBROKING FIRMS' ASSOCIATION

The ABB-BVB is Member of the Belgian Finance Federation

Febelfin

KN 160
da15723.DOC

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Brussels, 22 June 2005

Dear Sir,

Supervisory Disclosures : sector reply to the CEBS consultation

We have the pleasure of sending you our reply concerning the CEBS proposal in the field of 'Supervisory Disclosures' (CP05, as published on www.cebs.org). Generally, we think this is a very positive proposal, to the extent that it provides a basis for a fast implementation of a prudential level playing field at the European level as for the application of the CRD.

Within this context, we think it would not be sufficient just to publish the national schemes for the transposition of the CRD without trying to do away with the international differences that may arise. In other words, what one needs is a step-by-step plan which makes it possible to actively prepare a true level playing field. In our opinion, this is the major aim of the supervisory disclosures, i.e. providing a platform for supervisory convergence.

Apart from the 'national discretions', there are also a large number of differences, when it comes to implementing the CRD, in the way provisions which are supposed to be uniform, are interpreted by the different supervisory authorities. These differences bear heavily on the banks' technical implementation and cause a corresponding number of unlevel playing fields.

Consequently, extra attention should be drawn upon those rules which are uniformly transposed into national law. It would be useful then to mention explicitly whenever there is an agreement between all of the 25 Member States about a particular transposition. Similarly, situations in which there is no uniform interpretation should also be pointed out and so, it should be clearly known when there is an agreement about the transposition between 17 supervisory authorities for instance, while the remaining 8 disagree. Disclosure would allow to put 'peer group pressure' on the latter in order to persuade them more rapidly into joining a common approach.

In order to make 'meaningful comparisons', a bank group must be able to make a selection out of the documents from those countries in which it is active. This means that all of the

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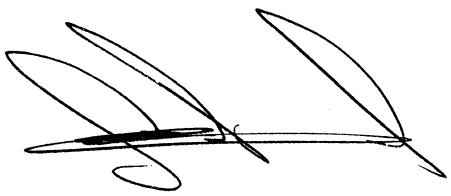
documents (also in the form of drafts) should be edited in one language. Therefore, we would like to see all documents being made available in English as soon as possible.

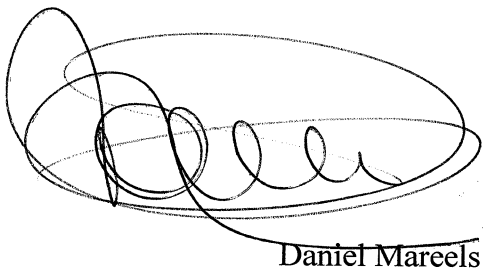
Please find enclosed the survey of our detailed remarks. We hope they will be taken into account.

Our services as well as the working groups competent in this matter will be pleased to give you any further explanation or to exchange ideas about this topic.

Yours sincerely,



Michel Vermaerke
Chief Executive Officer



Daniel Mareels
Head of the Taxation, Accounting Standards
and Prudential Regulations Department

Enclosure

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Supervisory disclosures: remarks of the Belgian Bankers' and Stockbroking Firms' Association

Generally, we support the CEBS-proposal to disclose the national reglementation through a web-based structure. We also fully support the aims sought with these disclosures, namely transparency and promoting a level playing field.

However, we note that such a structure should be

- Complete (certainly including the national interpretations);
- User friendly;
- Really used to promote a prudential level playing field.

Considering the framework we have the following remarks (most important ones indicated in bold):

a) **Publishing the regulations only is not sufficient, for one should also specify the different interpretations of the CRD given the importance of their operational impact. Furthermore, there is also a need for a 'step-by-step plan' aimed at levelling the differences in the interpretation. On the basis of a quarterly follow-up, one should see whether indeed there has been a harmonisation and if not, measures must be taken in order to achieve that aim.**
Below are some examples of different interpretations on behalf of the supervisors :

- Additional drawings after default (cf. Annex VII of Directive 2000/12, § 88) must be balanced on the EAD and LGD according to one supervisor, whereas another supervisor thinks they must be balanced only on the EAD;
- IFRS-filters: non-realised capital gains are included into the own capital after application of a haircut. This haircut can vary from one Member State to another.
- The definition of 'immaterial portfolios' also creates differences (cf. art. 89, 1, c) Directive 2000/12). Whereas according to one supervisor, an 'immaterial portfolio' may represent only 5 % of the risk-weighted assets of the group at the consolidated level and the whole of the 'immaterial portfolio's' must not exceed 15 % of the risk-weighted assets at the consolidated level, an other supervisor proposes (i.e. informally for the time being) percentages of 0.5% (a 1 to 10 ratio!) and 5%.
- There is also a difference in the interpretation of the parallel run: a calculation is required twice during 2006 both in the Netherlands and in Belgium. However, in the Netherlands the first calculation must be ready by June 30,

whereas in Belgium the deadline is set at March 31. This also bears on the internal organisation.

b) **Additional information is needed for the specification of the common rules. If all of the 25 Member States agree with a particular kind of application or interpretation, this should be mentioned.** If for instance 17 among them agree and 8 have a different opnion, this should also be mentioned, for in this way, the 8 supervisors with a different opinion could be persuaded more easily to reconsider their position and join the majority position within the EU.

c) **We would like to have the possibility to operate a selection on those countries where one is active**. The current possibilities in this respect are considered to be insufficient. This supposes an input of data in Excel format or in a similar format. Pdf formats are not suitable, since they cannot be adapted for internal use.

d) We would like to have the information at their disposal as soon as possible, i.e. as soon as an informal agreement on the draft regulation will have been reached. It would be wrong to wait with the disclosure until the documents have been officially approved.

e) It would be useful if there were a possibility to be informed by e-mail of changes made to the data. In order to limit the number of e-mail messages, it would be useful to provide the institutions with the possibility of ticking off the parts for which they want to be kept informed in case of an update.

f) The periodicity proposed for the adaptations (at least once a year) is too low. Important adaptations must be made available as soon as possible.

g) There is no need to publish lists of intermunicipal utility companies as counterparties, but the criteria these entities must meet, should be specified.

h) There should be a disclosure as for the mutual recognition of some particular options by the Member States.

i) Finally, the tables should mention a specific approach as for ECAI (External Credit Assessment Institution).