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19 June 2007

The Committee of European Banking Supervisors
CP01rev@c-ebs.org

Dear Madame

The London Investment Banking Association (LIBA), the International Swaps and Derivatives Association (ISDA), the Finnish Association of Securities Dealers (FASD) and the Swedish Securities Dealers Association (SSDA) are grateful for the opportunity to comment on CEBS' consultation on its proposals to revise and develop its consultation processes and procedures. We welcome CEBS' proposals and our brief commentary, set out below, represents the views of both trading firms and banks.

Impact Assessment

The importance of well targeted impact assessment is increasingly well understood by regulators and industry alike, so we welcome the inclusion of this dimension in CEBS practices. We [the Associations] would be glad to comment on the methodologies that are adopted. In particular we welcome the move to use of impact assessment as this emphasises the weight that CEBS places on convergence of supervisory and regulatory practices and will permit, we believe, the opportunity of better identifying which practices will lead best to fruitful convergence of approach.

Streamlined Procedures

We agree that it is entirely appropriate to create a less onerous procedure to endorse and publish more minor amendments to the Guidelines.

We were interested to note, though, that CEBS intends to make changes to its Guidelines on an annual basis. Although we appreciate the desire for general stability and this approach appears to be a disciplined option, we wonder if it permits the Guidelines to be as responsive as necessary to changes that are agreed upon. We also question if this decision might not create an increased pressure on organisation and administration, in order to deliver all the changes at the same time.

Consultative Practices

We think that CEBS has established a sound and rigorous procedure for its consultative practices. Expert Groups, industry hearings and the CEBS Consultative Panel form a part of the range of techniques used by CEBS to communicate its views and to listen to industry participants who will be affected. We welcome all these initiatives and have two comments. First we would encourage CEBS in the strongest possible terms to build on its informal mechanisms as much as on its formal procedures. Transparency of thinking at an early stage is one of the most powerful tools in achieving proposals that work well for all parties. Secondly we also ask CEBS to consider, when embarking on any stream of work, whether the Consultative Panel is as fully and as widely representative as it needs to be for that specific issue and to identify ways in which industry experience and input can be supplemented. Informal hearings are a good mechanism - providing that there is some structure and industry has a clear view of the kinds of issues on which CEBS wishes to understand their attitudes.

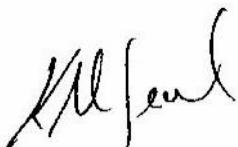
We note that CEBS attracted some negative comment with respect to its Consultative Practices in the recent survey and feedback on CEBS' performances. We do not share this view, as we think that CEBS has performed very well. However, we recognise that some timetable constraints have been imposed upon CEBS and the Committee had no scope to reduce the consequential burdens that were placed on industry in some very curtailed consultation periods. We would be very happy for CEBS to quote our view that it is inappropriate, and for the most part, unnecessary to place CEBS under such an accelerated timetable that consultation periods are foreshortened.

Terminology

CEBS is the Level 3 Committee that deals with prudential regulation and this encompasses both banking and investment firm activity. It is disappointing, therefore, that the terminology of the Consultative Paper refers only to the "banking" industry (for example, paragraph 5(c) of the annex) and we ask that this will be amended in the final version of the Guideline.

Finally our Members look forward to the continuing evolution of CEBS working practices and hope there will be scope for further discussion. Please contact Katharine Seal (Katharine.seal@liba.org.uk) and Ed Duncan (eduncan@isda.org) who sign also on behalf of FASD and SDSA and if you would like to discuss any of the aspects of this letter.

Yours faithfully,



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Director, LIBA



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