

Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
Switzerland
baselcommittee@bis.org.

30th June, 2010

Re: **"Good Practice Principles on Supervisory Colleges" (BCBS 170)**

Dear Sirs and Madams,

Nomura Holdings, Inc. is pleased to have an opportunity to comment on the Basel Committee on Banking Supervision's consultative document, "Good Practice Principles on Supervisory Colleges". Firstly, we would like to express our sincere appreciation for all the efforts the Basel Committee has made to enhance the effectiveness of supervision for international banking groups by establishing good practice principles for supervisory colleges.

We believe that supervisory colleges have supported financial stability at the macroprudential level, as well as facilitating consolidated supervision at the microprudential level.

However, in order for colleges to become more effective we would like to make following comments.

It is clearly stated in Principle 2 that primary oversight responsibility rests with the home supervisor. Potential conflicts between home and host regulators need to be managed carefully.

For example the level of information flow between host & home regulators needs to be managed effectively. Too much information creates excessive noise. Too little is obviously unacceptable. It may be useful for host regulators to discuss with the local regulated entity, the relevance of information flowing to home regulators. And certainly to inform the regulated entity of what information is flowing.

There also needs to be clarity as to the roles of respective regulators with respect to waiver applications. Duplication of effort within supervised firms should be minimised wherever possible. Particularly insofar as this burden falls upon risk managers who need to also focus on day to day risk management activities.

And furthermore, if host supervisors participating in college are asked to provide any kind of information with respect to a banking group by a regulator which is not

participating in college, host regulators must inform home supervisor of that request and follow the instruction of home supervisor.

Finally we note the potential for conflict with central bank authorities, particularly with respect to liquidity requirements. We would advocate including central banks as part of the college where relevant.

Lastly, we would like to express deep respect for the thoughtfulness of the Basel Committee in seeking a more robust and consistent supervisory framework as well as more stable financial system. We hope our comments will be regarded as worthy of consideration.

Yours sincerely,

Masafumi Nakada
Executive Managing Director and
Chief Financial Officer