



Basel Committee on Banking Supervision
Bank for International Settlements
Centralbahnplatz 2
CH-4002 Basel
SWITZERLAND

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VH/WSC/B18/11-035

baselcommittee@bis.org

E-MAIL

Consultative Document 'Pillar 3 Disclosure Requirements for Remuneration'

Dear Madam, dear Sir,

The European Association of Co-operative Banks (EACB) welcomes the opportunity to comment on the Consultative Document *"Pillar 3 Disclosure Requirements for Remuneration"*.

The members of the EACB take note of the Basel Committee's efforts to respond to the recommendation of the Financial Stability Board to establish additional Pillar 3 disclosure requirements on remuneration. We support the aim to enhance market discipline and allow market participants to assess the quality of compensation practices and the quality of firm's strategy and risk posture. We also appreciate the inclusion of thresholds of materiality and proportionality which is essential for some cooperative banks.

However, regarding the disclosure requirements of compensation practices, it should be mentioned that within the European Union these are already stipulated in the CRD III, officially adopted by the Council on 11 October 2010, and CEBS Guidelines on Remuneration Practices and Policies of 10 December 2010. Basel's proposed requirements are in line with the CRD III and CEBS Guidelines. We therefore do not deem it necessary to have these 'additional' disclosure requirements.

Our remaining concern is the additional condition for banks to articulate as far as possible how these factors complement and support their overall risk management framework (para. 11). The EACB members consider that it is logical that banks will need to assess the effect of certain factors of their remuneration policies on their risk management. The need to assess this interplay between their ability to take risk and their remuneration practices will be even of more significance on a global level. Nevertheless, the specific effects of these factors on risk management are not known yet. Thus such exercise will not provide for meaningful information and will only lead to an administrative burden. Therefore, we consider that it is necessary to review this condition.

We will remain at your disposal,

Yours sincerely,

Volker Heegemann

Head of Legal Department

The voice of 4.000 local and retail banks, 50 million members, 176 million customers

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