From: 佐志田晶夫
To: Basel Committee, Service
Subject: On "Core principles for effective banking supervision"
Date: Tuesday 20, March, 2012 15:35:47

Dear Sir/Madam

I just provide some general comments.

It should be highly appreciated that Basel Committee's continuous effort for setting global standard/benchmark for banking supervision.

However, its task is now most challenging ever, as evidenced rather short term for revising core principles from 2006 principles.
It might be appropriate, rethinking "what the banking supervision principles should be".

Because, as Basel Committee itself discusses, we need to consider (1)G-SIBs and SIBs (2)Macroprudential points of view, (3)Co-ordination of authorities including central bank.

In short, does "one principle fits all?"
Certainly, Basel Committee's paper carefully discusses, how to apply core principles to each country in FSAP process, and pointing out importance of proportionality. But it might be better, considering major specific factors and situations or complexity of financial systems of each country, and categorize several countries, and set principles to each category.

We do not know how to treat G-SIBs including how to resolve them, and we do not know what domestic SIBs means, and how they affect each countries' financial systems. In other words we do not know if it is not unnecessary to include a specific stand-alone Core Principles for SIBs.
Rather, we may develop some principles which could be not stand-alone, through the cooperation process of supervisory college.

Also, as Governance structure of macro prudential policy differs in each country, coverage of responsible area for banking supervision (micro and macro) could be different. Core principle may not change too much, but still it might be useful if it include some kind of specific discussion of macro and micro supervisory authorities coordination.

Just one small specific point.

Principle 2 describe supervisor possesses "operational independence" and "is accountable for the discharge of its duties".
I have nothing to against this principle. But just curious for is there any difference of these "operational independence" and "accountability" of banking supervisor and those of central bank?
They are just same or are there any important differences?
What happens if a central bank has dual responsibility?

regards

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a Japanese citizen