

Basel Committee on Banking Supervision
Bank for International Settlements
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Chris Barnard
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24 July 2012

**Your Ref: Comment letter on Consultative Document
- A framework for dealing with domestic systemically important banks**

Dear Sir.

Thank you for giving us the opportunity to comment on your consultative document on:
A framework for dealing with domestic systemically important banks. In general I support your proposed framework and 12 principles covering assessment methodology and higher loss absorbency. The framework should complement the G-SIB regime by focusing on the impact that distress or failure of banks will have on the domestic economy, which will complete the systemically important banking coverage.

I believe that there will be a natural tension between two of the core elements of the proposed framework: allowing for an appropriate degree of national discretion¹; and ensuring a consistent approach across jurisdictions². You intend to add the D-SIB framework to the scope of the Basel III regulatory consistency assessment programme, which “utilises a peer review process to assess the compliance of individual jurisdiction’s domestic regulations with the international minimum requirements defined by the Basel Committee”.³ We should wait to see how effective this peer review process will be in ensuring a consistent D-SIB approach across jurisdictions. Given that no D-SIB is truly disconnected from the global economy, I would recommend that a strong peer review stance should be implemented regarding D-SIBs.

Yours faithfully



Chris Barnard

¹ See § 5, consultative document.

² See § 8, consultative document.

³ See Basel Committee, Basel III regulatory consistency assessment programme (April 2012) at <http://www.bis.org/publ/bcbs216.htm>.