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The Secretary
Basel Committee on Banking Supervision
Bank for International Settlement
Centralbahnplatz 2
4002 Basel

**Supervisory framework for measuring and controlling large exposures
Consultative Document of March 2013**

Dear Sir

I was really eager to read your Consultative Document as the topic of large exposures has interested me for some time. I had hoped for a new paradigm to be opened on this topic, but was seriously disappointed when I read chapter I.B.

Your committee, in my view, has missed a huge opportunity by excluding concentration risks resulting from other areas than just large counterparties becoming insolvent. The recent history of financial institutions has shown how important excessive exposures are for banks – but the problems at financial institutions in the recent past have also shown that they usually do not result from large exposures to single counterparties.

Large exposures to single counterparties are a well-trodden ground. There certainly are possibilities for optimization, but this will not lead to significant improvements. It is the other areas such as market risk and funding risk where concentrations happen – known and often unknown – that have led to problems at financial institutions. It would be a contribution to real progress and a big step ahead if your committee urgently started work on these fields.

Yours sincerely

A handwritten signature in blue ink, appearing to be 'F. Klein', written in a cursive style.

Fritz Thomas Klein