



BANK OF THAILAND

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Secretariat
Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland

Dear Sirs/Madams,

Subject: Comment on BCBS Consultative Document

This is with reference to BCBS Consultative Document "Capital requirements for banks' equity investments in funds" issued in July 2013 asking for comments on (1) the proposed policy framework; (2) the proposed definitions of leverage; and (3) options for incorporating leverage into the calculation of risk weighted assets.

Bank of Thailand agrees with the rationale underlying the proposal, where capital requirement and banks' understanding of risk involved is improved. We also support the definition and method of incorporating leverage into the calculation of risk weighted asset, with the opinion that leverage option 1 should be applied.

However, for emerging market economies where banking businesses are mainly traditional deposit-taking and lending with very limited investment in mutual funds, investment in system for LTA and MBA could be disproportionately expensive and hence the subsequent use of FBA that pushes the RW up to 1250% seems too punitive.

With best regards.

Yours sincerely,

(Mr. Somboon Chitphentom)

Senior Director, Prudential Policy Department
for Governor

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