

24 January 2014

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

Markets
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135 Bishopsgate
London
EC2M 3UR

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Via email: baselcommittee@bis.org

Dear Sirs,

Fundamental Review of the Trading Book (FRTB) – BCBS 265

I enclose The Royal Bank of Scotland Group's ('RBS') response to the above consultative document and welcome the opportunity to comment. RBS has been an active participant in, and supports, the joint trade association responses (ISDA, GFMA and IIF) which detail our main concerns. RBS would also like to make the following additional comment.

Use of Market Data

RBS would like the Committee to consider the use of standard market data for the QIS exercise and potentially to incorporate this into the framework going forward. RBS considers that there could be a much greater understanding of differences produced by models if the impact of differing data sources and cleansing techniques were eliminated, particularly for stressed data which has seen large variances in the past.

RBS would also urge the Committee to consider the use of standard market data in the hypothetical portfolio element of the QIS exercise. Without it, there is a risk that there will be too many variables for the results to provide a useful assessment of the impact across firms.

Similarly, standard market data sources would aid the Committee's aim of achieving comparability of the results disclosed under the revised standardised approach. Instead of being able to directly compare the pricing and market risk models used by firms, results will be clouded with variations in market data.

RBS would be happy to elaborate further on any of the points made and look forward to engaging with, and supporting, the Committee in progressing these proposals.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Martyn Brush', with a horizontal line extending to the right.

Martyn Brush
Chief Risk Officer, Markets Division