



## POLISH BANK ASSOCIATION

Kruczkowskiego 8, PL 00-380 Warsaw, phone: +48 22 48 68 180, +48 22 48 68 190, fax +48 22 48 68 100, e-mail: info@zbp.pl, www.zbp.pl

---

Mr Stefan Ingves

Chairman

Basel Committee on Banking Supervision

Centralbahnplatz 2

CH-4002 Basel

Switzerland

stefan.ingves@bis.org

18 April 2014

Dear Mr Ingves,

**Re: Comments on consultative document: BCBS Revised good practice principles for supervisory colleges**

Polish Bank Association welcomes the opportunity to provide comments on the consultation document in such important area as good practice principles for supervisory colleges.

We generally supports the key changes which have been proposed by BCBS in last version of good practice principle. These changes should make the activity of for the supervisory colleges more efficient and enhance effectiveness of supervision for banking groups active on international level.

### Principle 1: College objectives

We welcome the greater emphasis placed on using colleges as a mechanism for achieving supervisory objectives on an on-going basis. The colleges have developed a key role recently as a

forum for discussion and exchange of information. In time of tension this role of exchange of information cannot be underestimated. The supervisory colleges should undertake their work with greater continuity creating good platform for dialogue, exchange of information and collaboration. We believe the continuity and on-going character of the college will be a right tool towards enhanced supervision of cross-border banking groups. It should also contribute to mutual trust between engaged supervisors.

It is also promising to find new references in principles to the role that supervisory colleges can play in facilitating home-host coordination and to the promotion of a coherent approach. This is a crucially important activity that will help to strengthen trust between supervisors and to avoid the potentially damaging consequences of different attitudes exercised by individual supervisors, members of the same supervision college.

#### Principle 2: College structures

We support the idea of flexible structure of supervisory colleges, which allows to avoid a one-size fits all approach. The structure should be determined by the business model, legal structure and other specific characteristics of the banking group and an assessment of the most effective approach to its supervision.

We appreciate the important role of host supervisors in the supervision colleges. The principle of the significance of the group to a local market should be an important indicator for the participation of a host supervisor in the core supervision college. The significance is very important for stability of local markets and should not diminish the effectiveness of supervision college activity. The right balance between core college effectiveness and host involvement has to be found. We are not convinced this balance should be found only by the home supervisor. The general rules concerning the striking the balance should be included in document which is now consulted. This proposal is not in contradiction to the general principle that the home supervisor should take overall responsibility for designing college arrangements. This idea is partially included in the text of principle 2.

For those host supervisors that are not included in college structures, home supervisor has to establish the right way of information-sharing. The proposal of principle to encourage the home supervisor to consider the extent to which information-sharing arrangements are feasible is too delicate. The host supervisors should receive the scope of information which will allow to estimate the risk for local market generated by the activity of banking group.

We support the new reference to the fact that participants in the supervisory college should have sufficient knowledge of the group.

#### Principle 3: Information-sharing

The focus of the principle switches towards a greater expectation that supervisors exchange information will be prompter and more effective. In our opinion it is one of most crucial task of supervisory colleges as a mechanism for delivering on-going supervisory objectives which should be based on a hub model. This would involve information being supplied by the bank to its home supervisor to be made available to the relevant host only when such information is pertinent to the host in its role as supervisor. We encourage supervisory colleges to maximize the opportunities for information exchange beyond this core list put in examples on page 10 and welcome the identification of good practices. Effective information sharing will also encourage consistent regulatory and supervisory practices.

#### Principle 4: Communication channels

We appreciate the proposed text of this principle. The home supervisor should make sound communication channels available to the members of college and host supervisors should use them in appropriate and regular way.

#### Principle 5: Collaborative work

We believe that collaborative work should be important principle of activity of supervisory college and it is reasonable to include it in the supervisory plan. The plan should set out areas for collaborative work as well as any two-way delegation and job sharing arrangements within college. The collaborative work always enhances supervision.

The elaboration of the examples of collaborative work are welcomed but the guidelines could be more ambitious and identify a standard range of tasks where supervisory colleges should normally be expected to collaborate.

We support collaborative work in the interests of efficiency and avoiding duplicative work for the supervisors, and where at all possible, avoid duplicative work for the banks (e.g., data reporting, and



substantially similar resolution plans submitted in multiple jurisdictions, standardized formats for data collection, etc.).

#### Principle 6: Interaction with the institution

The focus on the consistency of messages and the avoidance of duplication of work is welcomed.

We recommend that bigger role should be put on the broader scale of exchange of information between supervisors and supervised entities in supervisory practice. This two-way channel of information is more effective for banking supervision. This feedback mentioned in principle is welcomed and should be added by more detailed scope of information communicated to all member of banking group.

In the area of information requested from a banking group we believe that supervisory colleges should always consider the general principles of relevance, materiality and proportionality when requesting information (including specific group level) from a group.

#### Principle 7: Crisis preparedness

The revision of this principle was necessary as new rules in area of crisis management were established. Nevertheless, we observe that there remains uncertainty around whether it is the supervision college or CMG which holds responsibility for reviewing the group recovery plan. Such uncertainty should be clarified. Furthermore, we would welcome further details of the 'crisis preparedness plan' to be prepared by supervisory colleges for groups not subject to CMGs.

#### Former Principle 8: Macroprudential work

We appreciate the importance of macroprudential information in supervision practice. We understand that supervision college will never be primary venue for macroprudential policy coordination. However, having in mind, the fragmentation of macroprudential policy it would be proper solution to include in any way the supervision college in process of exchange of information concerning the macroprudential policy. We support the idea to include macroprudential issues within the principles for supervisory college. The decision of macroprudential supervisor, as the

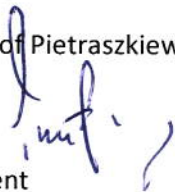
application of counter-cyclical buffer should be one of the topic for supervisory college. It has important consequences for activity of supervised banking group. The macroprudential issues has been indicated in text of few proposed principles, but these issues have not been gathered in one principle which could underline the significance of supervision college in macroprudential framework.

## **Conclusion**

We recognize the challenges of developing and designing supervisory colleges so that they achieve the supervisory goals of efficiency, particularly in a cross-border scale. In this regard, we welcome the progress in operationalizing colleges that the Basel Committee has achieved to date. We believe that the proposed revisions of the principles will significantly enhance the effectiveness of colleges.

Krzysztof Pietraszkiewicz

President

A handwritten signature in blue ink, appearing to read 'K. Pietraszkiewicz', is written over the printed name.