

17/09/2014

Basel Committee on Banking  
Supervision  
Bank for International Settlements  
Centralbahnplatz 2  
CH-4002 Basel  
Switzerland.

## **Supervisory guidelines for identifying and dealing with weak banks - consultative report**

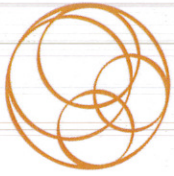
The Swedish Bankers' Association appreciates the opportunity to express our opinion on the Basel Committee Consultation Paper, Supervisory guidelines for identifying and dealing with weak banks.

The Association endorses a common regulatory framework which forms a base for countries, and for those matter institutes, in their approaches and actions to identify and dealing with weak banks. It is however important to ensure consistency in the framework whether it is through regulations or guidelines to avoid inflexibility, inefficiency and duplications. These components must be considered when issuing new rules or guidelines to the already existing requirements and duties.

Below we point out some areas where we believe that the proposal may be improved.

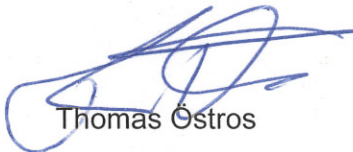
As the number of regulations and guidelines increases we note that the reporting requirements follow the same track. Even though it is important that authorities have all the information necessary in order to act promptly it is important to avoid increasing the already excessive administrative burden with new formalistic requirements. Requirements to create complicated systems for reporting requires large resources of the institutes and it is nonetheless uncertain if a formalistic reporting will fulfill the requirement of right information in due time. A better way to achieve the objective must be to use the available information to detect areas of concern and gather more qualitative information through intensified supervision on those areas of concern, rather than more qualitative reporting for all banks.

Coordination between authorities is essential when it comes to resolve a cross-border group, e.g. requirements for and sharing of information, planed actions and



requirements to take actions. The consolidating authority should, when it comes to a group, draw up a group plan. Specific issues related to a specific entity within the group should be part of and dealt with within the group plan, e.g. regardless if the funding is centralized or not. In case the institutes within the group are independent, the group plan may constitute a collection of individual plans consistent with a multiple-point-of-entry (MPE) approach to resolution. In the same vein a single-point-of-entry (SPE) must be possible in the case of a cross-border group, even in cases of systemically important banks. To avoid disruptive ring-fencing and to protect financial stability as well as to maintain confidence of stakeholders, coordination is crucial.

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