A. Introduction

Deutsche Börse Group (DBG) welcomes the opportunity to comment on BCBS consultative document "Standards - Review of the Pillar 3 disclosure requirements (BCBS 286).

DBG is operating in the area of financial markets along the complete chain of trading, clearing, settlement and custody for securities, derivatives and other financial instruments and as such mainly active with regulated Financial Market Infrastructure providers.

Among others, Clearstream Banking S.A., Luxembourg and Clearstream Banking AG, Frankfurt/Main, who act as (I)CSD1 as well as Eurex Clearing AG, Frankfurt/Main as the leading European Central Counterparty (CCP), are classified as credit institutions and are therefore within the scope of the European Capital Requirements Directive (CRD) and Capital Requirements Regulation (CRR) which transposed i.a. the Basel III rules into European law. Clearstream subgroup is supervised on a consolidated level as a financial holding group.

However, all our group entities in scope of CRD/CRR and therefore Basel III rules are offering limited banking activities ancillary to their function as Financial Market Infrastructure (FMI). In order to operate as a Financial Market Infrastructure and in line with the dedicated regulatory framework (e.g. CPSS2-IOSCO principles for financial market infrastructures as of April 2012) as well as generally recognised business practices, the business model of our group entities is risk averse, allows loan business only in connection with clearing, settlement and custody activities for very short durations. Similarly, deposits and similar funds are taken as cash collateral or on short term basis (in principal overnight) only.

Clearstram subgroup is not obliged to set up consolidated statutory accounts as it is included in the consolidated (and published) accounts of DBG which is a mixed activity group. Furthermore, there are no legal requirements for the regulated banking entities of the group to publish interim accounts as none of them is listed on an exchange or issues listed securities.

The document at hand contains general topics in part B and specific comments in part C.

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[1] (International) Central Securities Depository

[2] New name: Committee on Payments and Market Infrastructures (CPMI)

B. General topics

In general we are concerned about the still on-going initiatives on all levels (International, European but also national) to further increase regulatory rules and to make them more and more detailed. We have raised our concerns in our reply to the BCBS consultation on "the regulatory framework: balancing risk sensitivity, simplicity and comparability" (BCBS 258). We strongly share the main aim of BCBS 258 and are highly supportive to develop future regulatory standards **on the basis of simplicity and risk sensitivity**. However, we also ask for consistency, a stable rule set (also to reach comparability over time) and to stop continuously adding additional elements.

Within part 2 of the current consultation paper the guiding principles for disclosure are described. While we agree in general to those principles and want to stress the importance of the principles 3 and 4, we also see some potential for conflicts between principle 2 and 3. As a result, we see the need to limit the disclosure in line with principle 3 to the meaningful information for users instead of keep the principle of comprehensiveness. Also in line with our comments above and our reply to BCBS 258 we want to stress the consistency over time. We therefore see changes for the sake of "comprehensiveness" very critically and a lot of the proposed details are in that regards valued by us as being not necessary.

As such, the implementation of the principles by the adjusted disclosure requirements mainly contradicts the principles as the comprehensiveness is overruling the principles of meaningfulness to users and comparability over time.

We provided similar and detailed input to earlier consultation papers in connection with disclosure requirements namely the liquidity coverage ratio disclosure standards (BCSB 259) and the Basel III leverage ratio framework and disclosure requirements (BCBS 270). In order to avoid too many duplications of our position, we refer to our comments maid within those papers.

Consequently, in connection with the Pillar 3 disclosure requirements we generally ask the Committee not to introduce further measures and further burden to the banks without clearly verifying the added value for the user of that information as well as cost-benefit evidence. From our point of view the Pillar 3 disclosure requirements are amended in a way that they are becoming more and more voluminous and extremely closed to supervisory reporting under Pillar 1, without adequately taking into account the different necessities of the different recipients of information. In our view more

disclosure of data does not mean more clarity and readability for the users. It is neither useful nor advisable to further increase the information in the disclosure requirements (already nowadays the disclosure reports are complex and for unexperienced persons hardly if at all readable). How complex and overarching the proposed adjustments are could easily be seen in the "List of format and frequency of each disclosure requirement" as shown on page 9 and 10 of the consultation paper. The mix of different frequencies with fixed and flexible formats is even for persons with dedicated experience in disclosure requirements confusing (how should an unexperienced interested party bring together the different formats, scattered information even linked by references etc.?). The sheer number of different templates and frequencies seems not reasonable and proportionated. Therefore we recommend to take into account the general principle of proportionality in this context, which also should be added as principle 6 to the list of guiding principles for disclosure (e.g. an annual disclosure of quantitative and qualitative data should continue to be the standard as today and no general increase of frequency should be required; in case of international active banks which are seen as "systemically important" a more frequent disclosure may be requested by supervisors and also could be a choice to the banks themselves and trading book details could be restricted to banks whose trading book is exceeding certain thresholds).

Due to our general concerns (and also taking into account limited resources to deal with a multitude of consultations for changes of the rules; see our comment to BCBS 258) we refrain from commenting each proposed template and therewith related descriptions and will focus on some critical elements under part C.

C. Specific comments

1. Reporting Format and medium:

   Despite our general concerns on changes without a clear reasoning, we nevertheless welcome the harmonization of quantitative disclosure templates as such (however, limited in scope). Nevertheless in connection with the choice of disclosure medium and possibility of spreading the disclosure at various places we cannot see the added value. All disclosure information should be put in its context and quantitative and qualitative information to the extent needed should be disclosed together. A force separation of parts seems to be the wrong way

for us.

2. Frequency:

   Concerning the disclosure frequency each institution should be responsible to internally decide, depending on the business model and therewith related risks, about the frequency of disclosure (minimum annually or more frequent). We do not see the necessity to change this compared to the current requirements on a mandatory basis for all banks (please have in mind that although the Basel rules apply directly only to the big international and systemically important banks the rules will form the basis for national implementation also for small or even tiny banks). Nevertheless national regulators should have the possibility to force banks to adjust the chosen frequency if deemed adequate. We completely reject different disclosure frequency which only would lead to confusion than clarity.

3. Linkages with accounting information:

   In order to properly understand the linkage between accounting information and regulatory reporting data of any given bank, dedicated knowledge of the respective accounting standard (US-GAAP, IFRS, national GAAP), accounting policies as well as regulatory requirements (e.g. consolidation methods, value adjustments etc.) is necessary. The basic problem of understanding very complex and highly sophisticated, non-harmonised rule sets (accounting vs. regulatory) cannot be solved by increasing the amount and level of detail of information. The chosen approach clearly does not fulfil principle 3. Contrary, the current approach is producing an information graveyard. The only solution in our view is a down-sizing and simplifying of the requirements.

   In this context, we want to point out that for banking sub-groups of mixed activity groups it may not be mandatory to set up consolidated statutory accounts. Moreover, for smaller and / or non-listed banks the publication of interim financial statements may neither be required nor be done. This is e.g. the case for the companies / sub-groups of DBG which are in scope of the disclosure rules. A mandatory linkage therefore is not possible.

We therefore completely reject the templates as proposed in part 4 of the consultation document – at least as a mandatory part for all banks.

4. Assurance of Pillar 3 disclosures:

   We welcome the amendment of Pillar 3 disclosure framework with regards to the arrangements on disclosure governance. Such rules are already part of the EU legislation (CRD / CRR) and as such an international harmonisation is the right way.

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We hope that our above comments will prove to be useful in the further process. We are happy to discuss any question which may arise out of our comments.

Eschborn, 10 October 2014

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