**Attachment**

**BCBS Consultative Document entitled "Standards Review of the Pillar 3 disclosure Requirements"**

**Bank # 1**

- The volume of additional financial disclosures would likely require an investment in management information (including infrastructure and people). In practical terms, it would be beneficial to understand the local requirements as early as possible, in particular given the proposed implementation date of 1st April 2016;
- Given that the proposal will develop the linkages between the financial report and the Pillar 3 disclosure, this may imply a much shorter deadline between publications, a further resource consideration;
- In respect to risk management and qualitative disclosures, consideration should be given to existing reporting media. For example, in the annual report, there has been an increase in risk-based content. Further, it would not be practical for users of financial information if large amounts of content are repeated and it may be appropriate for cross-referencing and/or the use of summaries. Whilst the proposal does allow management flexibility for qualitative disclosures, the bank believes that it would be appropriate to identify items that are permissible for cross-referencing or summarizing to ensure a level playing field.

**Bank # 2**

Bank believes in the aim of the new standard of promoting greater consistency and comparability. At this stage, bank does not have any specific comments on the subject.

**Bank # 3**

The publication of comprehensive and transparent information using common Pillar 3 templates is supported by the Bank. In this respect, the Bank believes that this approach would also be welcomed by the market locally and internationally.

The proposal requires the establishment of a Board approved disclosure policy for Pillar III information. Bank recommends that regulations and supervision concerning the Board should include expanding its power to undertake such an activity. This would align the current local market practice under the existing Pillar III governance requirements.

When considering changes to the disclosure framework it is worth noting that the existing disclosures are comprehensive and include granular level of information such as exposures by geography, maturity, and have proven to be effective in providing interested parties the appropriate details for making informed decisions.

The revisions proposed would increase the volume of disclosures leading to a significant increase in the amount of information that needs to be understood by the market. In this regard it is strongly recommended that regulatory and supervisory authority should consult their local banks with the objective to manage the flow of information to investors in a progressive and orderly manner.
There is also the need to address the alignment of the timing of these disclosures with those for the Liquidity Coverage Ratio (LCR) disclosures which are due for implementation in 2015.

**Bank # 4**

Para 22: It is stated that banks must publish their pillar 3 reports concurrently with their financial reporting. Keeping in view the detailed information needed, we are of the view that the proposed deadline are not practical. The practice of publishing pillar 3 disclosures within 60 working days of Half Year/Year-end, as adopted by some regulatory and supervisory authority is more practical and should be continued.

Para 28: We understand that the assurance/internal review standards for pillar 3 disclosures described in this para does not necessitate Internal Audit review of Pillar 3 disclosures. An explicit mention in the document on this aspect will be useful, to ensure consistency across the industry.

**Template OV1**
This table explains distribution of RWA among different categories, which indicate that all categories mentioned in this table are constituents of Pillar-1 risks, with the exception of ‘settlement risk’. Since settlement risk is part of Pillar 2, its calculation methodology can vary among different banks and, therefore, the reported RWA figure may not be comparable.

**Template LI1:**
The format requires details of Liabilities. Please note that regulatory prudential returns only constitute assets side reporting and liabilities side are not part of Basel Prudential Returns. The corresponding figures under Basel Reporting will, therefore, not be available to make comparison with the financial reporting.

**Template CR6**
Credit derivatives may not be part of eligible collateral in all jurisdiction. Consequently, this template may not be applicable for all jurisdictions.

**Template MR2, MR3, MR4**
Banks are expected to disclose level and variability of Market Risk in Templates MR2, MR3 and MR4 by explaining their Value-at-Risk (VaR) and Stressed VaR numbers. However, BCBS is proposing to replace VaR with Expected Shortfall (ES) measure, as highlighted in its consultative documents published in May 2012 and October 2013 on "Fundamental Review of Trading Book". Bank is of the opinion that a disclosure for the Expected Shortfall may also be included in the proposed disclosures subject to the finalization of the above-mentioned document.

**Consistency in Disclosures**
The proposal contains disclosure tables and templates. Some of these must be presented in "fixed format" (i.e., every bank should use the same tables) and some can be presented in "flexible format.". Bank is of the opinion that the flexible templates will not have the desired comparability, as intended/highlighted in the document.

**Bank # 5**

1. The scope of the Pillar 3 disclosure has increased significantly, requiring greater levels of granularity to be reported in each template. This will require banks to invest in resources and their risk management/product technology systems in order to ensure that the requested level of detail is recorded and maintained. Finding a balance between the Pillar 3 guiding principles of providing "clear and meaningful disclosures to users of the information" and the complexity of the information requested will be challenging for banks to achieve.
2. In order for the additional Pillar 3 requirements to be accommodated within the current stringent quarterly financial reporting deadlines, a large proportion of these templates would require substantial automation to produce the disclosure within the timeframes permitted. Under the current regulation banks are afforded 60 business days after each reporting cycle to comply with the requirements.
3. Given that the guidelines are currently in a consultative stage, it is likely that final guidelines may only be issued in early 2015. Due to the significant investment required in resources and systems outlined above, banks should be afforded sufficient time to implement the technical changes/automation of the new requirements and due consideration should be given to the current proposed implementation date of 1 April 2016.
4. The nature of some of the requested qualitative information is sensitive (e.g. risk strategy, risk appetite and policies). Disclosure to the general public may lead to a dilution of the competitive advantage between banks.