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

Dear Sir/Madam:

Re: Comments on Proposed Revisions to the Basel II Market Risk Framework

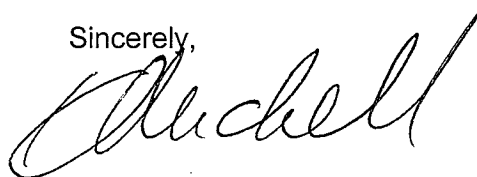
The Canadian Bankers Association¹ would like to thank the Basel Committee for the opportunity to comment on the Proposed Revisions to the Basel II Market Risk Framework. The decision to capture not only defaults but a wider range of incremental risks in the incremental risk charge has necessitated the current changes to the Basel II Market Risk Framework. Overall, we are comfortable with the content of the consultative document; however, we would like to offer the following comments.

While there are some substantive new requirements (for example, to justify any risk factors used in pricing that are excluded from the VaR calculation, to update market data at least monthly and to be in a position to update it in a more timely fashion if deemed necessary, etc.), we believe the proposed revisions are generally changes in emphasis rather than form or substance.

Without a specific methodology as was mandated for market risk VaR, there are significant operational hurdles that will need to be overcome over the next few months to attain quantification of these objectives, and to provide assurance of a level playing field. However, we think a first-cut implementation by the regulatory deadline, with an agreement to refine further based on accumulated experience with the new measures, could be feasible.

Thank you for considering our comments.

Sincerely,



¹ The Canadian Bankers Association works on behalf of 51 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 249,000 employees to advocate for efficient and effective public policies governing banks and to promote an understanding of the banking industry and its importance to Canadians and the Canadian economy.