

To Whom It May Concern,

I am writing in connection with the comments for the consultative document: "Corporate governance principles for banks"

My name is César Zarza Herranz, I am Professor of Financial Economics and Accounting at the University of Alcalá, Madrid (Spain); and Internal Auditor of Santander Bank Corporation.

The opinion and responsibility expressed herein are solely of the author, and in no case of the institutions in which it serves.

My professional specialty is the Governance, Audit and the relationship between them, so I consider sufficient authority, in addition to which I already have on condition of European citizens, to express the following comments on the consultation paper "Corporate governance principles for banks" issued by the Bank for International Settlements (BIS).

Comments:

Glossary.-

a) The terms *Independent director* and *Non-executive director* should be delineated. Currently, one of the problems that arise in organizations is the definition of directors whose experience has been linked to an entity with interruption.

Non-executive director are created figures with various differences between countries, to define a director who is not clearly independent and could have been executive director in the past. This definition could be taken in different countries, as an independent person. I consider these definitions a big problem for the clearly.

It is a very important aspect; the basis of a genuine Governance is the **independence** of its members.

b) We should indicate in the Glossary a definition of risk tolerance as a complement the RAF. Throughout the paper we speak of tolerance and it is desirable to define it.

Line 23 (Principle 1).-

a) These responsibilities of the board *shouldn't be devolving*.

Line 42 (Principle 1).-

a) At the end of the paragraph it is advisable to see the principle 9. I think it's a mistake and should be "*see Principle 10*".

Line 69a (Principle 1).-

a) It is an ideal place to reflect, step by step, governance behaviors moment. I propose creating a paragraph on Audit Committee that advises no change external auditors in immediately following the issuance of a qualified audit report periods.

In summary, I think the issue of this document is a unique moment for references and recommendations for good governance. We should not waste it and we should not be afraid to issue it with objectivity, independence and consistency.

The functional and hierarchical separation of the CFO, CRO and CIA is essential to a structure of governance. The size, composition, activity and personal skills of the Board, ensure that the structure of governance to succeed, and finally, the strategy of the organization.

Thank you very much for your attention.

For further communications and send information:

César Zarza Herranz
Faculty of Economics and Business - Universidad de Alcalá
Plaza Victoria, 2-3
28802 Alcalá de Henares (Madrid)
España

Phone.- 0034 658 111 610

Email.- cesar.zarza@uah.es