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Secretariat of the Basel Committee
on Banking Supervision (BCBS)
Bank for International Settlements
CH-4002 Basel, Switzerland

Dear Basel Committee members:

International Banking Federation comments on BCBS Consultative Document Globally systemically important banks – revised assessment framework

The International Banking Federation welcomes the opportunity to provide feedback on the BCBS's consultation ("consultative document").

Recommendations

We do not support the G-SIB framework being based on daily or monthly averaging, due to operational considerations and on cost-benefit grounds. We suggest supervisory discussions where window-dressing concerns have been identified.

We recommend that the BCBS consider quarterly averaging based on leveraging existing regulatory reporting or market disclosure items. Quarterly figures can be a good reflection of a bank's risk profile over the financial year of assessment.

Operational considerations

The G-SIB indicators are generally not used by banks for internal risk management or monitoring purposes.

G-SIBs and D-SIBs submit regulatory and financial data to national supervisors on a quarterly basis. Therefore, G-SIB indicators leveraging these quarterly data can be produced on a quarterly basis.

The existing quarterly reporting process is supported by rigorous checks and balances. Banks have quarterly disclosure committees to govern published information and the committees derive comfort by reconciling information amongst different quarterly reporting.

Regulatory supervisory tools

Whilst the starting point for the determination is the G-SIB indicators, there are also qualitative assessments by national supervisors and BCBS. *"The Basel Committee's assessment methodology for GSIBs requires a sample of banks to report a set of indicators to national supervisory authorities... The* *scores and bucket allocations represent the outcome of the mechanistic elements of the G-SIB methodology and include the exercise of supervisory judgement. In the latter case a bank may be in a bucket despite its score being above or below the relevant threshold."*

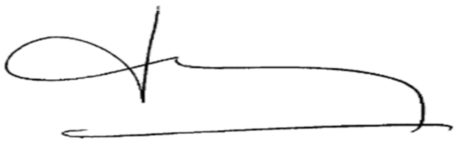
Therefore, there is room within the existing BCBS G-SIB framework to exercise judgement selectively should there be evidence that a firm's systemic footprint as measured is not sufficiently addressed.

The GSIB framework includes supervisory judgement as a tool. If regulators have window dressing concerns, they should address this bilaterally through supervisory powers rather than penalising all banks. This approach could be heightened for firms at capital buffer level borderlines.

In the last 10 years, the volume and frequency of data provided to national supervisors and BIS / FSB have increased significantly. Therefore, we believe that regulators have the information needed to undertake significant qualitative assessments without GSIB indicator data.

Thank you for considering our comments. We would be pleased to discuss our response at your convenience.

Sincerely,



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