Treasury and Capital Management

Phone – direct
(011) 415 4352

Physical address:
30 Baker Street
Rosebank
1st Floor
West Wing

email:
Annelie.Schnaar-Campbell@standardbank.co.za

23 May 2018

Mr. William Coen
Secretary General
Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel
Switzerland

Dear Mr. Coen,

PILLAR 3 DISCLOSURE REQUIREMENTS - UPDATED FRAMEWORK

Please find included the comments from the Standard Bank Group with regards to the consultative document "Pillar 3 disclosure requirements – updated framework", released by the Basel Committee on Banking Supervision on the 27 February 2018.

Table ORA: General qualitative information on a bank's operational risk framework

The consultative document states that these components need to be described, however it is not specific on the level of detail required, i.e. should banks publish their operational risk policies, organisational structure for operational risk management, etc. or should banks only provide a brief description thereof?

Template OR1: Historical losses

- The consultative document does not provide insight on the operational risk losses that should be excluded.
- Should the "Total amount of Operational Losses net of Recovery (no exclusions)", include or exclude, provisions and suspense losses? There is no clarity on how to treat provisions?

- The terms "Operational Loss" and "Operational Risk Loss" seems to be used interchangeably in the template?

- Where the table requests "Total number of operational risk losses", please clarify if this requires total number of incidents or effects.

- For the requirement "Where banks must describe recent large losses from operational risk, their context and management", please confirm if *recent* losses refer to the period under review.

Capital Distribution Constraints

The last paragraph on page 8 of the consultative document reads: "The committee is mindful that the disclosure, under certain circumstances could lead to a bank disclosing its Pillar 2 requirements, which could be deemed by its national supervisor to be sensitive information. In this regard, the template would be mandatory for banks only when required by their national supervisor."

The paragraph seems to suggest that national supervisors do not have the option to only adopt the aspects of the template that are not deemed to be confidential. Our view is that national supervisors should have discretion to adopt parts of the template that are not confidential as opposed to not reporting at all.

Please do not hesitate to contact us should any further information or clarification be required.

Kind regards

A Schn-Cpbell

Annelie Schnaar-Campbell
Head: Financial Impact and Strategy
Standard Bank Group