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The *Basel Club* comments on the BCBS consultative document:
Regulatory treatment of accounting provisions - interim approach and transitional arrangements.

Dear Sirs,

We, *The Basel Club (Thailand)*, appreciate the opportunity to comment on the "Regulatory treatment of accounting provisions - interim approach and transitional arrangements" consultative document and the BCBS consideration of the implications new accounting standards have on regulatory capital. While we support the objective of the transitional arrangements, we have some comments as follows:

Timeline: Even with transitional arrangements, the two-year gap between the effective dates of International Financial Reporting Standard (IFRS) and Current Expected Credit Losses (CECL) will still create an unlevelled playing field across jurisdictions. We are of the opinion that regulatory capital impact stemming from new accounting standards, whether IFRS or CECL, should be recognized on the same day.

Transitional approaches: The *Basel Club* is concerned about additional burdens, including operations, IT systems, human resources and other implications behind the transitional arrangements. Simplicity and practicability should therefore be taken into consideration when the approach is designed and chosen. In addition, advance notification is very important to give financial institutions adequate time for capital planning as well as IT system development.

Length of transitional arrangement: New accounting standards are not the only impending regulations financial institutions are presently facing. We propose a transitional period of at least five years which would be suitable for the current situation. This will provide financial institutions with enough time to build up capital buffers and align relevant businesses in the light of upcoming regulations.

Thank you for your kind consideration in our feedbacks.