Dubai Financial Services Authority

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Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002 Basel

Dear Sir/Madam,

Comments on Consultative Document: Guidelines - Prudential treatment of problem assets – definitions of non-performing exposures and forbearance

The Dubai Financial Services Authority (DFSA) is grateful for the opportunity to provide its comments on the above BCBS Consultative Document.

We would like to comment on Section 3.1, Paragraph 24 of the Consultative Document where the Committee proposes the introduction of a set of parameters for the purpose of classifying exposures as non-performing. The third parameter includes "*material exposures that are more than 90 days past due*". The Committee has proposed that what is '*material*' should be set by the supervisors of the respective bank in a given jurisdiction. That said the Annex to the Consultative Document (Summary of main findings, paragraph 49) finds that the '*materiality*' threshold is not consistent across jurisdictions or across banks within the same jurisdiction.

In this light, taking into account that the purpose of the Guidelines is removing uncertainty with regard to a bank's credit categorisation methodology and its comparability against that of other banks, we would suggest that the materiality threshold is specifically defined in the Guidelines and thus uniformly applied irrespective of a bank or a jurisdiction.

If you require any clarification in respect of our comments please do not hesitate to contact me on +971 4362 1660 or by e-mail on psmith@dfsa.ae.

Yours faithfully,

Peter Smith
Managing Director of Policy and Strategy