中国银行业协会
CHINA BANKING ASSOCIATION

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To：Basel Committee on Banking Supervision

Bank for International Settlements

CH-4002 Basel, Switzerland

Re: BCBS Consultation on *Net Stable Funding Ratio Disclosure Standards*

Dear Sir/Madam,

We are writing to you as China Banking Association representing Chinese banks on the subject of ***Net Stable Funding Ratio Disclosure Standards (Consultative Document, henceforth as "CD")***. China Banking Association (CBA) is a nationwide non-profit self-discipline organization of China's banking sector. CBA serves for the common interest of its members through the functions of self-discipline, rights protection, coordination and service so as to safeguard lawful rights and maintain market order of the banking sector, and promote the healthy and sustainable development of the industry. By July 2014, CBA has 373 members and 4 observers.

We sincerely appreciate and support BCBS seeking to improve the transparency of regulatory requirements, reinforce the *Principles for Sound Liquidity Risk Management and Supervision*, enhance market discipline, and reduce uncertainty in the markets as the NSFR is implemented. At the same time, we reiterate our concerns regarding the potential adverse effects that may arise from the publication of detailed information about a financial institution's liquidity position, particularly in times of stress. As such, the benefits of disclosing liquidity data must be weighed against its costs.

Below are our specific comments for your reference, which we hope can be helpful. And we sincerely appreciate the great endeavor you have made in the global regulatory reforms.

1. Regarding the implementation date in Section 1

Net stable funding ratio (NSFR) is one of the Basel Committee's key reforms to promote a more resilient banking sector. In the final version of NSFR issued by the Basel Committee in October 2014, many elements have been amended, including its input items, maturity dates as well as assigned ASF/RSF factors, which would require banks to extensively improve their IT and data process systems and pose great challenges to them.

In addition, the CD requires banks to provide a sufficient qualitative discussion around the NSFR, including the drivers of their NSFR results and the composition of the bank's interdependent assets and liabilities, which would also pose higher challenges to banks.

Thus, we suggest that the Basel Committee postpone the implementation date for banks to comply with these disclosure requirements in a phase-in step, which means 1-2 years later than 1 January 2018 in Section 1.

2. Regarding the disclosure requirements in Section 2

The requirements of NSFR disclosure common template in Section 2 are too detailed and complicated, even stricter than the disclosure requirements for listing companies, which may not to be clearly understood by market participants and investors, hence causing market fluctuation.

Thus, we reiterate our concerns regarding the potential adverse effects that may arise from the publication of detailed information about a financial institution's liquidity position. As such, the benefits of disclosing liquidity data must be weighed against its costs.

In this regard, we suggest that the Basel Committee simplify the disclosure requirements, consequently meeting the supervisory requirements of liquidity, while not burdening banks and maintaining market stability.

3. **Regarding the definition of no maturity in Section 2**

The CD introduced "no maturity" in the NSFR common disclosure template, while there is no such specific definition in the measurement rules of NSFR or LCR. We suggest that the Basel Committee define "no maturity" more clearly in the CD.

Yours faithfully,

Yang Zaiping
Executive Vice President
China Banking Association