

Dear Kerstin af Jochnick, Chair of CEBS

Please find our comments below on the recent consultation paper and we would appreciate if these could be acknowledged back and posted for consideration of changes to the document. Overall, we thought that this principles-based document was quite thorough. We have some commentary on some small recommended changes to the existing draft. Thanks for the opportunity to comment!

11. Each team member's responsibilities in the identification and reporting of risks should be documented in writing and shared. Training must be provided on all relevant areas of risk on an ongoing basis, including on the identification and reporting of risks. Risk policy must be updated regularly and changes should be communicated throughout the organization.

13-16. Risk tolerances should also be established in writing and communicated clearly throughout the organization.

19. Need to provide some additional details/guidance as to when it is appropriate to not have a separate Chief Risk Officer. For example, you state that when the nature of activities does not justify such a person to be a specially appointed individual, then the person responsible for internal control can be made responsible for risk management as well. Suggest you provide some examples of when either case would apply.

29. The integrated treatment of risk must be accorded to both old and new products, you seem to focus on risk treatments for only new products/services.

Additional:

Throughout this document the Chief Risk Officer should be addressed generically rather than as "him".

There needs to be as well a periodic independent audit of the entire risk management framework. Such a review can/should be performed by the internal audit department.

We thank you for consideration of our comments.

Sincerely yours,

Arnold Schanfield, CPA, CIA
Dan Helming, CPA, CIA