

29 March 2010

**UniCredit Group's reply
to the CEBS CP 35 on operational risk**

GENERAL REMARKS

UniCredit Group has undertaken an internal self-assessment exercise in order to assess the gaps and the related risk for each of the guidelines. For cross-border banking groups, promoting a group-wide operational risk management approach is important for its efficiency and effectiveness.

UniCredit Group fully appreciates the supervisory expectations relating to specific arrangements, procedures, mechanisms and systems in trading areas that could prevent or mitigate operational risk events. It also acknowledges the reference to the principle of proportionality. Accordingly, the level of sophistication of governance mechanisms, internal controls and reporting systems for the management of operational risks in market-related activities should be commensurate with the complexity and magnitude of these activities within the individual institution.

SPECIFIC REMARKS

We consider that the proposed deadline for the implementation is generally appropriate though some further consideration may be given to principles 11, 14 and 15, where substantial work is required and not necessarily dependent on internal adjustments.

Looking at the Principle 3, CEBS is kindly invited to consider the definition of more specific criteria in order to allow a consistent assessment of the control functions personnel.

Considering Principle 5, specifically in the paragraph 24, where there is an indication to perform regular Test Fraud. We would like to ask if there is an appropriate timing to perform such test and if it is possible to give some examples on how to perform this kind of tests.

Regarding Principle 17, reading all the paragraphs it seems that is requested for the reporting systems an high level granularity of the information. CEBS is kindly invited to suggest what is the level of granularity minimum requirement.



Institutional and Regulatory Strategic advisory

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