

5 July 2010

**UniCredit Group's reply
to the CEBS CP 35 Revised 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 with regard 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

Regarding principles 11, 14 and 15, we confirm what was underlined in UCG's reply sent in April 2010. In fact, in order to implement these three principles, a substantial amount of work is required which is not necessarily dependent on internal adjustment. In any case, we appreciated the more detailed specification on 14 principle.

Reading principle 3, paragraph 19 states that remuneration of personnel in control functions should reflect the risk reduction role that they fulfil. We kindly ask CEBS to further specify what the drivers are that should exactly be used to control remuneration in order to avoid commonalities of interest and scope.

Regarding principle 17, as mentioned in our previous reply, it seems that a high level of granular information is requested for the reporting systems. CEBS is kindly invited, once again, to suggest what the minimum level of granularity is.



Institutional and Regulatory Strategic advisory

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