

Madrid, 09/10/09

AEL's comments on CEBS's draft implementation guidelines on the revised large exposure regimes

Dear Sir/Madam

Asociación Española de Leasing (AEL) as a representative of most of the financial entities wants to provide a general overview of its opinion on the CEBS's draft on the large exposure regimes highlighting some issues that AEL considers relevant in the analysis of each of the sections.

Regarding the section "**Connected Clients**" and more specifically the issue of the identification of interconnected clients, AEL would like to point out that although CEBS expects that, as a minimum, the process for determining connected clients is applied to all exposures that exceed 1% or more of own funds at a solo or consolidation level, in Spain, and following the rules of the National Bank and its newsletter of "solvency", at the moment the procedure is being applied to those exceeding the 10%, and AEL considers it should remain as it is.

In terms of the section "**Treatment of exposures to schemes with underlying assets according to Article 106 (3) of the CRD**" and the four approaches suggested for this action, AEL believes that the *Unknown exposures* method should be classified as very conservative meanwhile, on the other hand, it is considered the *Partial look through* method as the most adequate and reasonable one as it also allows flexibility to the institutions.

In addition, AEL supports the way that the losses derived from the default of counterparty would be calculated for both, non-structured and structured products. As the consultation mentions, in the case of the structured products, the calculation of the losses would depend on the credit enhancements linked with the specific tranches. In the same manner as CEBS, AEL believes that as far as these enhancements are legally enforceable, they should be taken into account for large exposure purposes.

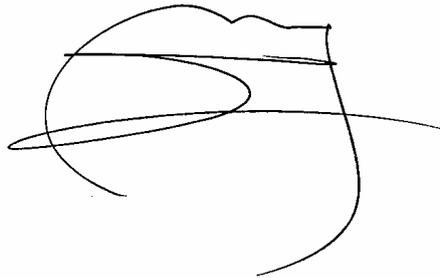
Finally, from the "**Reporting Requirements**" section standpoint, AEL would like to mention the following:

- Article 110(2) of the CRD no longer includes the former national discretion with regards to the reporting frequency establishing it in two days. Nowadays, in Spain, credit institutions are reporting four times per year and it is well accepted along the industry and thus, AEL considers it should remain as it is.

- As the Spanish IRB banks are included and taken into consideration in other Associations, and as most of the financial entities which belong to AEL are carrying out the Standard method, AEL believes it is better not to send its feedback in order not to interfere in the IRB method.

The above notwithstanding, do not hesitate to contact us if further questions come out.

Sincerely,

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Manuel García Fernández
Secretario General