

CEBS
cp24@c-eps.org

Division Bank and Insurance
Austrian Federal Economic Chamber
Wiedner Hauptstraße 63 | P.O. Box 320
1045 Vienna
T +43 (0)5 90 900-DW | F +43 (0)5 90 900-272
E bsbv@wko.at
W <http://wko.at/bsbv>

Your ref., Your message of

Our ref., person in charge
BSBV 115/Dr.Ru/Br

Extension
3137

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16th of June 2009

Re: CEBS's CP on high-level principles for risk management

The Bank and Insurance Division of the Austrian Federal Economic Chamber representing the entire Austrian banking industry appreciates the possibility to comment on CEBS's consultation paper on high-level principles for risk management and would like to submit the following position:

According to the consultation paper we agree to a great extent with the proposed recommendations. We also see gaps in the areas of

- risk culture
- risk appetite
- the risk organisation and position of the person who is responsible for the banks-wide risk-controlling
- the consideration and completeness of all kinds of possible parts of risks and
- risks of new products.

In our view, many of the recommendations are at present a content of the risk-book banks have to develop in order to meet the ICAAP since 2008.

Ad.: Governance and risk culture

We support the ambition that these high-level principles mainly aim at large and complex banks. It seems to be justified that global players require a specific control. On the other hand for most of the other banks primarily acting at local level more general guidelines and existing rules seem generally to be sufficient.

Ad.: The role of CRO and the risk management function

We support efforts to strengthen a widely independent position of a risk-controller, who is only responsible to identify, measure and report risks to the senior management and to the supervisory board. His position should be safe enough to fulfill his tasks in an independent way.

Ad.: Risk models

We recommend adequate buffers for a very high safety level and corresponding scenarios.

Ad.: New products

We also see the need for improvement in the process to implement new products. We are convinced that a part of the risks arise out of the unawareness and lack of understanding of all positions in a bank, beginning with the persons responsible and ending with the persons in the supervisory board.

Yours sincerely,

Dr. Herbert Pichler
Managing Director
Division Bank & Insurance
Austrian Federal Economic Chamber