



PP/BPC-SUB/mb

Committee of European Banking Supervisors
Email: cp30@c-eps.org

15 January 2010

Dear Sir/Madam,

CONSULTATION PAPER 30 – DISCLOSURE GUIDELINES: LESSONS LEARNT FROM THE FINANCIAL CRISIS

The Business Policy Committee is the Institute's committee which monitors developments in the rules and regulations affecting businesses generally and considers legislative and other proposals deriving from bodies such as HM Treasury, BIS, the FRC, the FSA, CEBS and the European Commission. The Committee is broadly based, with members representing different sizes of accountancy practice, industry, the investment community, and the legal profession.

As the Institute's Charter requires, we act in the public interest, and our proactive projects, responses to consultation documents etc. are therefore intended to place the general public interest first, notwithstanding our charter requirements to represent and protect our members' interests.

The Committee is fully supportive of CEBS' endeavours to help financial institutions improve their risk disclosures in the wake of the financial crisis.

The Committee particularly welcomes the high levelled principles-based approach the guidance takes to address both the form and content of their disclosures and ICAS has been an advocate of a "principles not rules" approach to regulation for a number of years.

The Committee is generally supportive of the six general principles outlined in the guidance and that the financial crisis has clearly demonstrated that the quality of the disclosures for financial institutions, especially in the area of risk, was insufficient and that anything to enhance this is a positive step.

The principle for financial institutions to seek early adoption of new disclosure standards and best practice recommendations from standard setters and regulators is also welcomed as the future financial statements of these organisations will be closely monitored and examined by a number of interested parties for the foreseeable future.

It is not clear how the principle that financial institutions should specify whether and to what extent information has been verified by external auditors would work in practice and there would need to be some further explanation or guidance provided on this.

There would also have to be consideration as to how these guidelines would interact with any local requirements and also whether or not they are consistent with the current reporting requirements of either the International Accounting Standards Board (IASB) or the local practice of the individual jurisdictions.

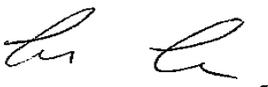
The recognition that the business models of financial institutions as well as having an understanding of the key risks they face are important areas of focus for the auditors of financial institutions and will help to increase their understanding and should hopefully lead to a better awareness of these issues by the public as well as investors.

The Committee would also ask for some clarification as to how CEBS plan to monitor compliance with their disclosure guidelines for financial institutions. It is not clear from the paper whether or not there is any mechanism for this and what sanctions, if any, would be taken on any financial institution that fail to act in accordance with the disclosure guidelines.

It is clear that financial institutions within the EU will have to react positively in light of the recent financial market crisis and by providing clear, transparent and above all more informative disclosures will certainly assist in the rebuilding of both public and market confidence in financial institutions.

We hope these comments have been useful to you and please do not hesitate to contact me if you want to discuss any of these points further.

Yours faithfully



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Secretary to Business Policy Committee