

Other CEBS draft proposals

CEBS public hearing

Dwayne Price | 17 June 2008

CEBS

Committee of European
Banking Supervisors

Own funds

3. Allows the use of alternative methodologies for consolidation - Annex I Conglomerates Dir - for the calculation of capital adequacy instead of the deduction from own funds of certain participations and capital instruments

CEBS proposal is to transform into a supervisory decision the use of method 1, 2 or 3 (with similar modifications to the CRD as the FCD contains); The use of method 1 is a **supervisory decision part of the approval process**

CEBS welcomes participants' feedback:

- whether the drafting proposal narrows the scope of application of the current ND
- CEBS should consider the IWCFC and the EFCC work
(*assessing the methods and their current advice is to delete method 3*)

Standardised Approach (1)

31. If conditions are met, lower risk weighting for past due exposures secured by mortgages on residential property - permissive treatment

CEBS proposal is to:

- **remove the provision** from the CRD with a **short transitional clause**
OR
- **keep as supervisory decision** (with added binding mutual recognition)

CEBS welcomes participants' input for the cost/benefit analysis

Standardised Approach (2)

33. Lower risk weights for the regulatory high risk categories due to value adjustments - permissive treatment

CEBS proposal is to:

- **remove the provision from the CRD with a short transitional clause**
OR
- **deleting the discretionary part of the provision**

CEBS welcomes participants' input for the cost/benefit analysis

Securitisation

59. To simplify the computation of the Supervisory Formula method in the case of securitisations involving retail exposures

CEBS proposal is to:

- **delete the discretionary part of the ND, making this an option for CI**
- OR**
- **removing completely the provision from the CRD**

CEBS welcomes participants' feedback on:

- the need to keep this provision
- a possible definition of 'predominantly'

Op Risk

61. and 63. Allows for an improved basis for assessing op risk in the institutions that meet the criteria - permissive treatment

CEBS proposal is to **keep** both provisions as **supervisory decisions** to be applied **on a case by case basis**

CEBS welcomes participants' feedback on:

- costs and benefits of the proposal
- Alternative Standardised Approach (ASA)
 - question of risk sensitivity
 - is relevant at least on a consolidated basis
 - exists in third countries; should be available also in the EU
 - is already being applied in a number of cases

The logo consists of two five-pointed stars, one above the other, positioned on the left side of a vertical orange bar. The background of the logo area is a gradient of blue and green with a pattern of wavy lines.

CEBS

Committee of European
Banking Supervisors