

CEBS draft proposals on Trading Book

CEBS public hearing

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CEBS

Committee of European
Banking Supervisors

Trading book (1)

81. CA may allow institutions to apply BB rules to their TB exposures, if TB activities are limited - not a risk-sensitive treatment, but a proportional one and generally not permissive

CEBS proposal is to:

- **transform article 18.2 into an option for CI**, based on the existing criteria

AND

- **keep article 18.3 in its current form**

CEBS welcomes participants' feedback

Trading book (2)

86. (and 87, 89, 90, 98, 100.) Subject to certain conditions, CA may allow that the capital requirement is equal to the margin required by the exchange or the clearing house - permissive treatment

CEBS proposal is to delete these provisions from the CRD

Issues are lack of transparency on the calculation of margining and also the diversity of calculations

CEBS welcomes participants' feedback:

- Are margining requirements an appropriate measurement of capital requirements?

Trading book (3)

93. Possibility for CA to reduce the specific risk capital charge for certain equity portfolios - permissive treatment

This is a **supervisory decision** on a case by case basis

CEBS is **considering proposing to transform it into an option for CI**

but supervisors are concerned about the subjective nature of the set criteria

CEBS welcomes participants' input:

- on possible more objective criteria

Trading book (4)

CEBS welcomes participants' input for the cost/benefits analysis:

82. MS may set a reduced specific risk requirement for covered bonds booked in the TB - permissive treatment:

- **deletion of the discretionary part of the provision** (*lack of “specific risk requirements” or criteria to define them*)
- **keep the ND in its current form**

95. CA may allow institutions to use net present value when determining their open positions in currencies or gold:

- **transforming it into an option for CI**
- **keep as a supervisory decision**

96. CA may allow an alternative calculation method – permissive treatment:

- **deleting the provision from the CRD** (*lost its relevance in the Euro-MS*)
- **keep as a supervisory decision** (*relevant to MS with currency linked to Euro*)

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 thin, curved lines.

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